

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE

FINANCIAL STATEMENTS

March 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE

We have audited the accompanying financial statements of **BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE**, which comprise the statement of financial position as at March 31, 2017, and the statement of revenue, expenses and changes in net assets and statement of cash flows for the year then ended, and 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 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.

Auditor's Responsibility

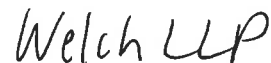
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 Corporation'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 Corporation'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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE** as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Welch LLP".

Belleville, Ontario
May 31, 2017

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, 2017

ASSETS

	2017	2016
CURRENT ASSETS		
Cash	\$ 1,393,715	\$ 1,675,668
Short-term investments - Note 4	1,033,989	1,024,648
Accounts receivable	92,532	88,682
Government rebate recoverable	98,880	161,747
Prepaid expenses	36,614	101,931
	<u>2,655,730</u>	<u>3,052,676</u>
TANGIBLE CAPITAL ASSETS - Note 5	1,007,256	862,795
INTANGIBLE CAPITAL ASSETS - Note 6	<u>25,338</u>	<u>43,370</u>
	<u><u>\$ 3,688,324</u></u>	<u><u>\$ 3,958,841</u></u>

LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 321,141	\$ 370,587
Government remittances payable	58,864	50,069
Deferred revenue	1,511,492	1,542,173
Subsidies repayable - Note 7	764,233	1,089,847
	<u>2,655,730</u>	<u>3,052,676</u>
DEFERRED CONTRIBUTIONS - Note 8	<u>677,001</u>	<u>520,228</u>
NET ASSETS		
Invested in tangible and intangible capital assets - internally restricted - Note 13	355,593	385,937
Unrestricted	-	-
	<u>355,593</u>	<u>385,937</u>
	<u><u>\$ 3,688,324</u></u>	<u><u>\$ 3,958,841</u></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, 2017

	<u>Unrestricted</u>	<u>Invested in Tangible and Intangible Capital Assets</u>	<u>2017 Total</u>	<u>2016 Total</u>
REVENUE - per schedule	\$ 7,469,628	\$ 109,752	\$ 7,579,380	\$ 7,690,363
EXPENSES - per schedule	<u>6,705,395</u>	<u>121,815</u>	<u>6,827,210</u>	<u>6,966,128</u>
Excess (deficiency) of revenue over expenses before undernoted item	764,233	(12,063)	752,170	724,235
Loss on disposal of capital assets	-	(18,281)	(18,281)	-
Less: Subsidies repayable - Note 7	<u>(764,233)</u>	<u>-</u>	<u>(764,233)</u>	<u>(746,620)</u>
Deficiency of revenue over expenses - Note 10	-	(30,344)	(30,344)	(22,385)
NET ASSETS, beginning of year	<u>-</u>	<u>385,937</u>	<u>385,937</u>	<u>408,322</u>
NET ASSETS, end of year	<u><u>\$ -</u></u>	<u><u>\$ 355,593</u></u>	<u><u>\$ 355,593</u></u>	<u><u>\$ 385,937</u></u>

(See accompanying notes)

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
SCHEDULE OF REVENUE AND EXPENSES
YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
REVENUE		
Subsidies - SE LHIN - base	\$ 6,076,078	\$ 5,840,347
- one-time	1,089,886	1,431,999
Other revenue	303,664	278,429
Amortization of deferred contributions relating to capital assets	<u>109,752</u>	<u>139,588</u>
	<u>7,579,380</u>	<u>7,690,363</u>
EXPENSES		
Salaries and wages	3,956,092	3,841,726
Benefits and relief	743,333	735,616
Medical supplies and drugs	49,986	48,999
Supplies and sundry	404,168	463,637
Equipment	23,672	38,085
Amortization of tangible capital assets	115,481	151,131
Amortization of intangible capital assets	6,334	10,842
Contracted out	43,632	32,622
One-time expenditures	650,324	745,666
Healthlinks expenditures	267,639	388,845
Buildings and grounds	<u>566,549</u>	<u>508,959</u>
	<u>6,827,210</u>	<u>6,966,128</u>
Excess of revenue over expenses before other expenses	752,170	724,235
OTHER EXPENSES		
Loss on disposal of capital assets	<u>18,281</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENSES	<u><u>\$ 733,889</u></u>	<u><u>\$ 724,235</u></u>

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (30,344)	\$ (22,385)
Adjustments for		
Amortization of tangible capital assets	115,481	151,131
Amortization of intangible capital assets	6,334	10,842
Amortization of deferred contributions related to capital assets	(109,752)	(139,588)
Loss on disposal of capital assets	<u>18,281</u>	<u>-</u>
	-	-
Change in non-cash working capital components:		
Accounts receivable	(3,850)	8,539
Government rebate recoverable	62,867	(41,393)
Prepaid expenses	65,317	(58,969)
Accounts payable and accrued liabilities	(49,446)	76,958
Government remittances payable	8,795	3,581
Subsidies repayable	(325,614)	746,620
Deferred revenue	<u>(30,681)</u>	<u>11,986</u>
	<u>(272,612)</u>	<u>747,322</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of short-term investments	(1,033,989)	(1,024,648)
Maturity of short-term investments	1,024,648	1,013,530
Purchase of tangible capital assets	<u>(266,525)</u>	<u>(49,353)</u>
	<u>(275,866)</u>	<u>(60,471)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of contributions restricted for capital asset purposes	<u>266,525</u>	<u>49,353</u>
INCREASE (DECREASE) IN CASH	(281,953)	736,204
CASH, beginning of year	<u>1,675,668</u>	<u>939,464</u>
CASH, end of year	<u><u>\$ 1,393,715</u></u>	<u><u>\$ 1,675,668</u></u>

(See accompanying notes)

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

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.

Short-term Investments

The purchase and sale of investments are accounted for using settlement date accounting. Transaction costs associated with the acquisition of investments and investment management fees are expensed as incurred.

Tangible Capital Assets and Amortization

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

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

Construction-in-progress is not amortized until construction is complete and the facilities come into use.

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 straight-line 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.

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 and accruing liabilities. 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, 2017

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, 2017

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.

The Corporation manages interest rate risk exposure of its short-term investments by maintaining liquidity necessary to conduct operations on a day-to-day basis. 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.

4. SHORT-TERM INVESTMENTS

Short-term investments consist of the following:

	<u>2017</u>	<u>2016</u>
Redeemable Guaranteed Investment Certificate- 1.05%, due June 7, 2016	\$ -	\$ 1,024,648
Redeemable Guaranteed Investment Certificate- 0.80%, due June 6, 2017	<u>1,033,989</u>	<u>-</u>
	<u>\$ 1,033,989</u>	<u>\$ 1,024,648</u>

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

5. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	2017 Cost	2017 Accumulated amortization	2017 Net	2016 Net
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Land	\$ 329,555	\$ -	\$ 329,555	\$ 329,555
Construction-in-progress	319,333	-	319,333	89,577
Furniture and equipment	477,942	284,431	193,511	218,808
Computer equipment	79,169	43,431	35,738	40,677
Leasehold improvements	1,057,553	928,435	129,118	184,178
	<u>\$ 2,263,552</u>	<u>\$ 1,256,297</u>	<u>\$ 1,007,255</u>	<u>\$ 862,795</u>

6. INTANGIBLE CAPITAL ASSETS

Intangible capital assets consist of the following:

	2017 Cost	2017 Accumulated amortization	2017 Net	2016 Net
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Computer software	<u>\$ 79,395</u>	<u>\$ 54,057</u>	<u>\$ 25,338</u>	<u>\$ 43,370</u>

7. SUBSIDIES REPAYABLE

Subsidies repayable consist of:

	2017	2016
	<u> </u>	<u> </u>
SE LHIN - 2017	\$ 764,233	\$ -
- 2016	-	746,620
- 2015	-	343,227
	<u>\$ 764,233</u>	<u>\$ 1,089,847</u>

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 520,228	\$ 610,463
Contributions received:		
Ministry of Health and Long-Term Care/SE LHIN	266,525	49,353
Less - amounts recognized as revenue	<u>(109,752)</u>	<u>(139,588)</u>
Balance, end of year	<u><u>\$ 677,001</u></u>	<u><u>\$ 520,228</u></u>

9. GOVERNMENT SUBSIDIES

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

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

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 \$764,233 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 2016 to 2017 (\$Nil for both years). The deficiency of revenue over expenses of \$30,344 relates to writing off the capital assets owned by the Corporation over time as the assets are used and depreciate in value as well as a loss on disposal of assets in the current year.

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

11. COMMITMENTS

The Corporation has commitments under various operating leases for office space. The minimum payments under these leases are as follows:

2018	\$ 429,935
2019	389,704
2020	320,720

The Corporation received \$1,829,640 of funding in 2014 for a capital expansion project. The Corporation received an additional \$167,728 in 2017 for additional site planning. Of the advanced funding, \$229,756 (2016 - \$13,709) was paid for expenditures relating to the project and included in deferred contributions. The remaining advances have been deferred until the remaining expenditures occur. The Ministry has committed to provide funding for completion of the project.

12. LINE OF CREDIT

The Corporation has an operating line of credit with an authorized limit of \$200,000, of which \$Nil (2016 - \$Nil) was utilized at year end. The line of credit bears interest at prime rate.

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

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

	<u>2017</u>	<u>2016</u>
Tangible capital assets - net	\$ 995,558	\$ 862,795
Intangible capital assets - net	37,036	43,370
Less: amounts financed by deferred contributions	<u>(677,001)</u>	<u>(520,228)</u>
	<u>\$ 355,593</u>	<u>\$ 385,937</u>

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

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 385,937	\$ 408,322
Tangible capital asset additions	266,525	49,353
Loss on disposal of capital assets	(18,281)	-
Amortization	(121,815)	(161,973)
Proceeds from deferred contributions	(266,525)	(49,353)
Amortization of deferred contributions	<u>109,752</u>	<u>139,588</u>
	<u>\$ 355,593</u>	<u>\$ 385,937</u>

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

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, 2016 indicated a surplus of \$15,898,000,000 in the plan.

The amount contributed to HOOPP for 2017 was \$336,814 (2016 - \$356,055) for current service and is included as an expenditure on the "Statement of Revenue, Expenses and Change in Net Assets".

15. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess (deficiency) of revenue over expenses.