

**BELLEVILLE & QUINTE WEST COMMUNITY
HEALTH CENTRE**

FINANCIAL STATEMENTS

March 31, 2014

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 statements of financial position as at March 31, 2014 and the statements of revenue, expenditures and changes in net assets and 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 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, 2014 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.

Belleville, Ontario
May 28, 2014


CHARTERED 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, 2014****ASSETS**

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash	\$ 1,087,127	\$ 280,790
Short-term investments - note 4	1,000,000	-
Accounts receivable	45,370	2,872
Government rebate recoverable	161,456	148,790
Prepaid expenses	<u>23,237</u>	<u>5,703</u>
	2,317,190	438,155
TANGIBLE CAPITAL ASSETS - note 5	1,095,511	852,056
INTANGIBLE CAPITAL ASSETS - note 6	<u>67,765</u>	<u>84,707</u>
	<u>\$ 3,480,466</u>	<u>\$ 1,374,918</u>

LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 337,978	\$ 330,572
Government remittances payable	33,587	25,734
Deferred revenue	1,524,407	8,736
Subsidies repayable - note 7	<u>421,218</u>	<u>73,113</u>
	2,317,190	438,155
DEFERRED CONTRIBUTIONS related to capital assets - note 8	<u>722,890</u>	<u>776,110</u>
NET ASSETS		
Invested in tangible and intangible capital assets - internally restricted - note 12	440,386	160,653
Unrestricted	<u>-</u>	<u>-</u>
	440,386	160,653
	<u>\$ 3,480,466</u>	<u>\$ 1,374,918</u>

Approved by the Board:

 Director

 Director

(See accompanying notes)

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2014

	<u>Unrestricted</u>	<u>Invested in Tangible and Intangible Capital Assets</u>	<u>2014 Total</u>	<u>2013 Total</u>
REVENUE - per schedule	\$ 6,835,925	\$ 231,378	\$ 7,067,303	\$ 5,876,675
EXPENDITURES - per schedule	<u>6,414,707</u>	<u>281,200</u>	<u>6,695,907</u>	<u>5,883,180</u>
Excess (deficiency) of revenue over expenditures before undernoted item	421,218	(49,822)	371,396	(6,505)
Less: Subsidies repayable - <i>note 7</i>	(421,218)	-	(421,218)	(72,134)
Add: Contributions for the purchase of land	<u>-</u>	<u>329,555</u>	<u>329,555</u>	<u>-</u>
	-	279,733	279,733	(78,639)
NET ASSETS , beginning of year	<u>-</u>	<u>160,653</u>	<u>160,653</u>	<u>239,292</u>
NET ASSETS , end of year	<u>\$ -</u>	<u>\$ 440,386</u>	<u>\$ 440,386</u>	<u>\$ 160,653</u>

(See accompanying notes)

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
REVENUE		
Subsidies - SE LHIN - base	\$ 5,630,084	\$ 5,178,452
- one-time	<u>1,109,878</u>	<u>243,310</u>
	6,739,962	5,421,762
Other revenue	95,963	210,502
Amortization of deferred contributions related to capital assets	<u>231,378</u>	<u>244,411</u>
	<u>7,067,303</u>	<u>5,876,675</u>
EXPENDITURES		
Salaries and wages	2,131,550	2,100,219
Benefits and relief	451,899	363,662
Nurse practitioner salaries and benefits	716,005	575,161
Physician salaries and benefits	1,144,608	558,288
Medical supplies and drugs	44,570	66,740
Supplies and sundry	306,962	378,172
Equipment	38,569	111,987
Amortization of tangible capital assets	264,259	305,567
Amortization of intangible capital assets	16,941	17,483
Contracted out	327,237	110,421
One-time expenditures	500,934	237,958
Healthlinks expenditures	241,102	230,860
Building and grounds	<u>511,271</u>	<u>826,662</u>
	<u>6,695,907</u>	<u>5,883,180</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ 371,396</u>	<u>\$ (6,505)</u>

(See accompanying notes)

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from operations		
Revenue - net	\$ 6,646,085	\$ 5,804,541
Expenditures	<u>(6,695,907)</u>	<u>(5,883,180)</u>
	(49,822)	(78,639)
Items not affecting cash:		
Amortization of tangible capital assets	264,259	305,567
Amortization of intangible capital assets	16,941	17,483
Amortization of deferred contributions related to capital assets	<u>(231,378)</u>	<u>(244,411)</u>
	-	-
Changes in non-cash working capital components:		
Accounts receivable	(42,498)	(2,872)
Government rebate recoverable	(12,666)	122,250
Prepaid expenses	(17,534)	164,097
Accounts payable and accrued liabilities	7,406	82,119
Government remittances payable	7,853	9,331
Subsidies repayable	348,105	(224,181)
Deferred revenue	<u>1,515,671</u>	<u>(79,698)</u>
	<u>1,806,337</u>	<u>71,046</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption (purchase) of short-term investments	(1,000,000)	301,314
Purchase of tangible capital assets	(507,713)	(230,678)
Purchase of intangible capital assets	-	(29,548)
	<u>(1,507,713)</u>	<u>41,088</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of contributions restricted for capital asset purposes	507,713	260,226
Decrease in bank indebtedness	-	(91,570)
	<u>507,713</u>	<u>168,656</u>
 INCREASE IN CASH	806,337	280,790
 CASH, beginning of year	<u>280,790</u>	<u>-</u>
 CASH, end of year	<u><u>\$ 1,087,127</u></u>	<u><u>\$ 280,790</u></u>

(See accompanying notes)

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

1. PURPOSE OF THE ORGANIZATION

The Belleville & Quinte West Community Health Centre provides health care and services that encourage individuals, families and communities to be more actively involved in their own care.

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%

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, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Materials 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 and subsidy repayable. 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, 2014

3. FINANCIAL INSTRUMENTS

Credit Risk

The Corporation does not provide credit to its customers in the normal course of operations and therefore it is not subject to credit risk.

Liquidity Risk

Liquidity risk is the 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

The Corporation's transactions are denominated in Canadian dollars and therefore currency risk exposure is minimal.

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.

Change 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, 2014

4. SHORT-TERM INVESTMENTS

Short-term investments consist of the following:

	<u>2014</u>	<u>2013</u>
Redeemable Guaranteed Investment Certificate 1.35%, due June 6, 2014	\$ 1,000,000	\$ -

5. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	<u>2014</u>			<u>2013</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 329,555	\$ -	\$ 329,555	\$ -
Construction -in-progress	35,763	-	35,763	-
Furniture and equipment	406,065	127,550	278,515	187,948
Computer equipment	76,324	34,933	41,391	51,739
Leasehold improvements	1,050,704	640,417	410,287	612,369
	<u>\$ 1,898,411</u>	<u>\$ 802,900</u>	<u>\$ 1,095,511</u>	<u>\$ 852,056</u>

6. INTANGIBLE CAPITAL ASSETS

Intangible capital assets consist of the following:

	<u>2014</u>			<u>2013</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer software	\$ 119,060	\$ 51,295	\$ 67,765	\$ 84,707

7. SUBSIDIES REPAYABLE

Subsidies repayable consist of:

	<u>2014</u>	<u>2013</u>
SE LHIN - 2012	\$ -	\$ 979
- 2013	-	72,134
- 2014	421,218	-
	<u>\$ 421,218</u>	<u>\$ 73,113</u>

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 776,110	\$ 760,295
Contributions received:		
Ministry of Health and Long-Term Care/SE LHIN	<u>178,158</u>	<u>260,226</u>
	954,268	1,020,521
Less - amounts recognized as revenue	<u>231,378</u>	<u>244,411</u>
Balance, end of year	<u>\$ 722,890</u>	<u>\$ 776,110</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. COMMITMENTS

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

2015	\$ 302,100
2016	97,700
2017	29,500
2018	17,300

11. LINE OF CREDIT

The Corporation has an operating line of credit with an authorized limit of \$200,000, of which \$Nil (2013 - \$Nil) was utilized at year end. The line of credit bears interest at prime rate.

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

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

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

	<u>2014</u>	<u>2013</u>
Tangible capital assets - net	\$ 1,095,511	\$ 852,056
Intangible capital assets - net	67,765	84,707
Less: amounts financed by deferred contributions	(722,890)	(776,110)
	<u>\$ 440,386</u>	<u>\$ 160,653</u>

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

Balance, beginning of year	\$ 160,653	\$ 239,292
Tangible capital asset additions	507,713	230,678
Intangible capital asset additions	-	29,548
Amortization	(281,200)	(323,050)
Proceeds from deferred contributions	(178,158)	(260,226)
Amortization of deferred contributions	231,378	244,411
	<u>\$ 440,386</u>	<u>\$ 160,653</u>

13. 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, 2013 indicated a surplus of \$10,000,000 in the plan.

The amount contributed to HOOPP for 2014 was \$333,875 (2013 - \$233,458) for current service and is included as an expenditure on the "Statement of Revenue, Expenditures and Changes in Net Assets".

14. COMPARATIVE FIGURES

Comparative figures for the 2013 year have been reclassified to reflect the financial statement presentation adopted for 2014. The reclassifications had no effect on earnings.