

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE

FINANCIAL STATEMENTS

March 31, 2015

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, 2015, and the statement of revenue, expenditures 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 management'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.

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, 2015, 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, 2015

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, 2015

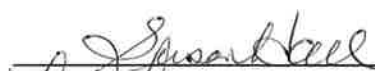

ASSETS

	2015	2014
CURRENT ASSETS		
Cash	\$ 939,464	\$ 1,087,127
Short-term investments - Note 4	1,013,530	1,000,000
Accounts receivable	97,221	45,370
Government rebate recoverable	120,354	161,456
Prepaid expenses	42,962	23,237
	<u>2,213,531</u>	<u>2,317,190</u>
TANGIBLE CAPITAL ASSETS - Note 5	964,573	1,095,511
INTANGIBLE CAPITAL ASSETS - Note 6	<u>54,212</u>	<u>67,765</u>
	<u>\$ 3,232,316</u>	<u>\$ 3,480,466</u>

LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 293,629	\$ 337,978
Government remittances payable	46,488	33,587
Deferred revenue	1,530,187	1,524,407
Subsidies repayable - Note 7	343,227	421,218
	<u>2,213,531</u>	<u>2,317,190</u>
DEFERRED CONTRIBUTIONS - Note 8	<u>610,463</u>	<u>722,890</u>
NET ASSETS		
Invested in tangible and intangible capital assets - internally restricted - Note 13	408,322	440,386
Unrestricted	-	-
	<u>\$ 3,232,316</u>	<u>\$ 3,480,466</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, 2015

	Unrestricted	Invested in Tangible and Intangible Capital Assets	2015 Total	2014 Total
REVENUE - per schedule	\$ 7,223,254	\$ 184,013	\$ 7,407,267	\$ 7,067,303
EXPENDITURES - per schedule	<u>6,880,027</u>	<u>216,077</u>	<u>7,096,104</u>	<u>6,695,907</u>
Excess (deficiency) of revenue over expenditures before undernoted item	343,227	(32,064)	311,163	371,396
Less: Subsidies repayable - Note 7	(343,227)	-	(343,227)	(421,218)
Add: Contributions for the purchase of land	<u>-</u>	<u>-</u>	<u>-</u>	<u>329,555</u>
Deficiency of revenue over expenditure - Note 10	-	(32,064)	(32,064)	279,733
NET ASSETS, beginning of year	<u>-</u>	<u>440,386</u>	<u>440,386</u>	<u>160,653</u>
NET ASSETS, end of year	<u><u>\$ -</u></u>	<u><u>\$ 408,322</u></u>	<u><u>\$ 408,322</u></u>	<u><u>\$ 440,386</u></u>

(See accompanying notes)

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUE		
Subsidies - SE LHIN - base	\$ 5,689,553	\$ 5,630,084
- one-time	1,179,572	1,168,587
Other revenue	354,129	37,254
Amortization of deferred contributions relating to capital assets	<u>184,013</u>	<u>231,378</u>
	<u>7,407,267</u>	<u>7,067,303</u>
 EXPENDITURES		
Salaries and wages	2,298,802	2,131,550
Benefits and relief	447,755	451,899
Nurse practitioner salaries and benefits	611,648	716,005
Physician salaries and benefits	1,274,736	1,144,608
Medical supplies and drugs	31,838	44,570
Supplies and sundry	435,737	306,962
Equipment	23,499	38,569
Amortization of tangible capital assets	202,524	264,259
Amortization of intangible capital assets	13,553	16,941
Contracted out	112,042	327,237
One-time expenditures	814,600	500,934
Healthlinks expenditures	325,831	241,102
Buildings and grounds	<u>503,539</u>	<u>511,271</u>
	<u>7,096,104</u>	<u>6,695,907</u>
 EXCESS OF REVENUE OVER EXPENDITURES	 <u><u>\$ 311,163</u></u>	 <u><u>\$ 371,396</u></u>

(See accompanying notes)

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenditure	\$ (32,064)	\$ 279,733
Adjustments for		
Amortization of capital assets	202,524	264,259
Amortization of intangible assets	13,553	16,941
Amortization of deferred contributions related to capital assets	(184,013)	(231,378)
Contributions for the purchase of land	<u>-</u>	<u>(329,555)</u>
	-	-
Change in non-cash working capital components:		
Accounts receivable	(51,851)	(42,498)
Government rebate recoverable	41,102	(12,666)
Prepaid expenses	(19,725)	(17,534)
Accounts payable and accrued liabilities	(44,349)	7,408
Government remittances payable	12,901	7,853
Subsidies repayable	(77,991)	348,103
Deferred revenue	<u>5,780</u>	<u>1,515,671</u>
	<u>(134,133)</u>	<u>1,806,337</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of short-term investments	(1,013,530)	(1,000,000)
Maturity of short-term investments	1,000,000	-
Purchase of tangible capital assets	<u>(71,586)</u>	<u>(507,713)</u>
	<u>(85,116)</u>	<u>(1,507,713)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of contributions restricted for capital asset purposes	<u>71,586</u>	<u>507,713</u>
 INCREASE (DECREASE) IN CASH	(147,663)	806,337
 CASH, beginning of year	<u>1,087,127</u>	<u>280,790</u>
CASH, end of year	<u><u>\$ 939,464</u></u>	<u><u>\$ 1,087,127</u></u>

(See accompanying notes)

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

1. PURPOSE OF THE ORGANIZATION

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%

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, 2015

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 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, 2015

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 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

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.

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

3. FINANCIAL INSTRUMENTS (continued)

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>2015</u>	<u>2014</u>
Redeemable Guaranteed Investment Certificate 1.10%, due June 8, 2015	<u>\$ 1,013,530</u>	<u>\$ 1,000,000</u>

5. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	<u>2015 Cost</u>	<u>2015 Accumulated amortization</u>	<u>2015 Net</u>	<u>2014 Net</u>
Land	\$ 329,555	\$ -	\$ 329,555	\$ 329,555
Construction-in-progress	75,869	-	75,869	35,763
Furniture and equipment	437,545	186,401	251,144	278,515
Computer equipment	76,324	43,211	33,113	41,391
Leasehold improvements	<u>1,050,704</u>	<u>775,812</u>	<u>274,892</u>	<u>410,287</u>
	<u>\$ 1,969,997</u>	<u>\$ 1,005,424</u>	<u>\$ 964,573</u>	<u>\$ 1,095,511</u>

6. INTANGIBLE CAPITAL ASSETS

Intangible capital assets consist of the following:

	<u>2015 Cost</u>	<u>2015 Accumulated amortization</u>	<u>2015 Net</u>	<u>2014 Net</u>
Computer software	<u>\$ 119,060</u>	<u>\$ 64,848</u>	<u>\$ 54,212</u>	<u>\$ 67,765</u>

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

7. SUBSIDIES REPAYABLE

Subsidies repayable consist of:

	<u>2015</u>	<u>2014</u>
SE LHIN - 2015	\$ 343,227	\$ -
- 2014	<u>-</u>	<u>421,218</u>
	<u><u>\$ 343,227</u></u>	<u><u>\$ 421,218</u></u>

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 722,890	\$ 776,110
Contributions received:		
Ministry of Health and Long-Term Care/SE LHIN	71,586	178,158
Less - amounts recognized as revenue	<u>(184,013)</u>	<u>(231,378)</u>
Balance, end of year	<u><u>\$ 610,463</u></u>	<u><u>\$ 722,890</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 EXPENDITURES

The excess (deficiency) of revenue over expenditures for year consists of two components: operating budget and capital assets. After subsidy repayable of \$343,227 the operating budget was in a break-even position for the year as shown on the statement of revenue, expenditures and changes in net assets as the unrestricted net assets did not change from 2014 to 2015 (\$Nil for both years). The deficiency of revenue over expenditures of \$32,064 relates to writing off the capital assets owned by the Corporation over time as the assets are used and depreciate in value.

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

11. COMMITMENTS

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

2016	\$ 428,000
2017	406,500
2018	338,000
2019	320,800
2020	320,800

The Corporation received \$1,829,640 of funding in 2014 for a capital expansion project. Of the advanced funding, \$40,106 (2014 - \$365,317) 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 (2014 - \$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, 2015

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

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

	<u>2015</u>	<u>2014</u>
Tangible capital assets - net	\$ 964,573	\$ 1,095,511
Intangible capital assets - net	54,212	67,765
Less: amounts financed by deferred contributions	<u>(610,463)</u>	<u>(722,890)</u>
	<u>\$ 408,322</u>	<u>\$ 440,386</u>

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

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 440,386	\$ 160,653
Tangible capital asset additions	71,586	507,713
Amortization	(216,077)	(281,200)
Proceeds from deferred contributions	(71,586)	(178,158)
Amortization of deferred contributions	<u>184,013</u>	<u>231,378</u>
	<u>\$ 408,322</u>	<u>\$ 440,386</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, 2014 indicated a surplus of \$13,925,000 in the plan.

The amount contributed to HOOPP for 2015 was \$346,129 (2014 - \$333,875) for current service and is included as an expenditure on the "Statement of Revenue, Expenditures and Change in Net Assets".