

FINANCIAL STATEMENTS
For
SEAWAY VALLEY COMMUNITY HEALTH CENTRE INC.
For year ended
MARCH 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the directors of

SEAWAY VALLEY COMMUNITY HEALTH CENTRE INC.

Opinion

We have audited the financial statements of Seaway Valley Community Health Centre Inc. (the Centre), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and changes in net assets and 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 Centre as at March 31, 2020 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.

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 Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 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.

In preparing the financial statements, management is responsible for assessing the Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

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 Centre'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 Centre'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 Centre 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.

**Cornwall, Ontario
May 28, 2020**

Welch LLP

**CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

Welch LLP[®]

An Independent Member of BKR International

SEAWAY VALLEY COMMUNITY HEALTH CENTRE INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2020

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash	\$ 342,409	\$ 400,848
Accounts receivable	<u>43,817</u>	<u>62,718</u>
	386,226	463,566
CAPITAL ASSETS (note 3)	<u>928,466</u>	<u>1,105,043</u>
	<u>\$1,314,692</u>	<u>\$1,568,609</u>
	<u>LIABILITIES</u>	
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 276,738	\$ 345,526
Government remittances payable	1,208	36,113
Due to Ministry of Health and Long-Term Care (note 5)	<u>128,319</u>	<u>102,754</u>
	406,265	484,393
DEFERRED CONTRIBUTIONS (note 6)	<u>887,467</u>	<u>1,055,307</u>
	1,293,732	1,539,700
	<u>NET ASSETS</u>	
NET ASSETS	<u>20,960</u>	<u>28,909</u>
	<u>\$1,314,692</u>	<u>\$1,568,609</u>

Approved by the Board:

..... Director

..... Director

(See accompanying notes)

SEAWAY VALLEY COMMUNITY HEALTH CENTRE INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Ministry of Health and Long-Term Care		
Base funding	\$3,992,094	\$3,756,242
One-time funding	35,550	11,348
Less allocated to deferred contributions	<u>(12,800)</u>	<u>(22,355)</u>
	4,014,844	3,745,235
Falls Prevention	52,936	54,096
Primary Care Outreach	181,233	177,789
Telemedicine	150,330	150,330
Donations	3,200	6,951
Other revenues	<u>26,400</u>	<u>26,920</u>
	<u>4,428,943</u>	<u>4,161,321</u>
EXPENSES		
Administration	770	1,901
Advertising	2,963	7,159
Bad debts	4,991	5,053
Bank charges and payroll fees	2,022	1,945
Dental services	-	105,744
Insurance	27,948	25,261
Memberships	55,078	67,533
Minor equipment	9,863	15,966
Occupancy costs	206,912	200,233
Office	35,753	40,577
Personnel costs	3,705,149	3,180,442
Professional fees	64,356	50,144
Repairs and maintenance - building	95,619	106,379
Repairs and maintenance - equipment	1,141	1,119
Supplies	33,239	41,705
Technology	30,250	109,969
Telephone and internet	15,033	16,161
Training	26,976	36,363
Travel	27,480	31,263
Utilities	<u>30,547</u>	<u>34,407</u>
	<u>4,376,090</u>	<u>4,079,324</u>
SURPLUS BEFORE OTHER INCOME (EXPENSES)	<u>52,853</u>	<u>81,997</u>
OTHER INCOME (EXPENSES)		
Settlement - Ministry of Health and Long-Term Care (note 5)	(52,064)	(76,255)
Amortization of deferred capital contributions	180,639	176,265
Amortization of capital assets	<u>(189,377)</u>	<u>(185,003)</u>
	<u>(60,802)</u>	<u>(84,993)</u>
NET DEFICIT	(7,949)	(2,996)
NET ASSETS , beginning of year	<u>28,909</u>	<u>31,905</u>
NET ASSETS , end of year	<u>\$ 20,960</u>	<u>\$ 28,909</u>

(See accompanying notes)

SEAWAY VALLEY COMMUNITY HEALTH CENTRE INC.

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net deficit	\$ (7,949)	\$ (2,996)
Items not involving cash:		
Amortization of deferred capital contributions	(180,639)	(176,265)
Amortization of capital assets	<u>189,377</u>	<u>185,003</u>
	789	5,742
Changes in non-cash working capital balances:		
Accounts receivable	18,901	(16,156)
Accounts payable and accrued liabilities	(68,790)	149,879
Government remittances payable	(34,904)	5,068
Due to Ministry of Health and Long-Term Care	<u>25,565</u>	<u>73,789</u>
	<u>(58,439)</u>	<u>218,322</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	<u>(12,800)</u>	<u>(22,355)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred contributions related to capital assets	<u>12,800</u>	<u>22,355</u>
INCREASE (DECREASE) IN CASH	(58,439)	218,322
CASH AT BEGINNING OF YEAR	<u>400,848</u>	<u>182,526</u>
CASH AT END OF YEAR	<u>\$ 342,409</u>	<u>\$ 400,848</u>

(See accompanying notes)

SEAWAY VALLEY COMMUNITY HEALTH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

1. NATURE OF THE ORGANIZATION

The Seaway Valley Community Health Centre Inc. ("the Centre") is incorporated without share capital under the laws of Ontario. The Centre provides a wide range of health and wellness services and programs to the residents of Cornwall and surrounding areas. The Centre is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and include the following significant accounting policies:

Revenue recognition

The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses 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.

Contributions received for capital purposes are deferred and amortized on a basis and rate corresponding with the amortization rate for the related capital assets.

Ministry of Health and Long-Term Care Funding settlements

The total funding to the Centre is not finalized until the Ministry of Health and Long-Term Care has reviewed the financial statements and reconciliation for the year. The Centre records provisions for estimated settlements. Any revisions to the amounts provided are recognized in the year when settled.

Capital assets

Capital assets are stated at acquisition cost. Amortization is provided at the following methods and annual rates:

Leasehold improvements	- 15 years straight line
Computer equipment and software	- 3, 5 and 10 years straight line
Furniture and equipment	- 5 and 10 years straight-line

One half of amortization is taken in the the year of acquisition.

Use of estimates

The preparation of financial statements in conformity 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 expenses during the reporting period. These estimates are reviewed periodically and adjustments are made as appropriate in the year they become known. Management makes accounting estimates when determining the estimated useful life of the Centre's tangible capital assets, its allowance for doubtful accounts, and funding settlements repayable. Actual results could differ from these estimates.

SEAWAY VALLEY COMMUNITY HEALTH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2020

3. CAPITAL ASSETS

	<u>2020</u>			<u>2019</u> <u>Net</u>
	<u>Cost</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net</u>	
Leasehold improvements	\$ 1,958,013	\$ 1,186,181	\$ 771,832	\$ 902,160
Furniture and equipment	653,728	516,267	137,461	174,559
Computer equipment and software	<u>112,729</u>	<u>93,556</u>	<u>19,173</u>	<u>28,324</u>
	<u>\$ 2,724,470</u>	<u>\$ 1,796,004</u>	<u>\$ 928,466</u>	<u>\$ 1,105,043</u>

Amortization for the year amounted to \$189,377 (2019 : \$185,003).

4. CREDIT FACILITIES

The Centre has an authorized revolving line of credit facility of up to \$70,000. The credit facility bears interest at prime plus 1.25% and was unused at year-end. The line of credit facility is secured by a general security agreement on the Centre's assets.

5. DUE TO MINISTRY OF HEALTH AND LONG-TERM CARE (MOHLTC)

Each year the Centre is required to provide a year-end reconciliation to MOHLTC according to its funding agreement. The reconciliation determines the amount repayable to, or recoverable from MOHLTC. The total funding to the Centre is not finalized until MOHLTC has reviewed the Centre's financial statements and year-end reconciliation. The Centre has included a provision for settlement for the current year in these financial statements. Any revisions to the amounts provided are recognized in the year when settled.

The amounts payable to MOHLTC that remained at year end are as follows:

	<u>2020</u>	<u>2019</u>
2020 settlement	\$ 52,064	-
2019 settlement	76,255	76,255
2018 settlement	<u>-</u>	<u>26,499</u>
	<u>\$128,319</u>	<u>\$102,754</u>

The amount included in the statement of operations and changes in net assets as settlement expense for the year includes the following amounts:

	<u>2020</u>	<u>2019</u>
2020 settlement	52,064	-
2019 settlement	<u>-</u>	<u>76,255</u>
	<u>\$ 52,064</u>	<u>\$ 76,255</u>

SEAWAY VALLEY COMMUNITY HEALTH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2020

6. DEFERRED CONTRIBUTIONS

Capital Assets

The balance of unamortized capital contributions, in the form of grants and donations, related to capital assets consists of the following;

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$1,055,306	\$1,209,217
Add amounts received during the year	12,800	22,355
Less amount amortized to revenues in year	<u>(180,639)</u>	<u>(176,265)</u>
Balance, end of year	<u>\$ 887,467</u>	<u>\$1,055,306</u>

7. ECONOMIC DEPENDENCE

The Centre receives the majority of its funding from the Ministry of Health and Long-Term Care and is therefore economically dependent on this government department.

8. COMMITMENTS

The Centre's base commitment over the next five fiscal years for the rental of property is as follows:

2021	\$ 166,410
2022	166,410
2023	166,410
2024	166,410
2025	27,735

In addition to the base rent noted above the Centre is also responsible for all occupancy costs.

9. PENSION PLAN

The Centre makes contributions to the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer plan, on behalf of its employees. 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. The Centre has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles.

Employer contributions to HOOPP for 2020 amounted to \$271,976 (2019 : \$240,770) and are included in personnel costs in the statement of operations and changes in net assets. The most recent actuarial valuation of the plan indicates that the plan is fully funded.

SEAWAY VALLEY COMMUNITY HEALTH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2020

10. FINANCIAL INSTRUMENTS

The Centre is exposed to various risks through its financial instruments. The following analysis provides a measure of the Centre's risk exposure and concentrations at year-end:

Liquidity Risk

Liquidity risk is the risk that the Centre will not be able to meet its obligations associated with financial liabilities. The Centre's management manages this risk by preparing and monitoring detailed forecasts of cash flows from operations and holding assets that can be readily converted into cash.

Credit Risk

Credit risk arises from the potential that parties may default on their financial obligations. The Centre is subject to credit risk through its accounts receivables. Account monitoring procedures are utilized to minimize the risk of loss.

Management does not believe it is exposed to significant interest, currency, or other price risks.

11. UNCERTAINTY DUE TO THE CORONAVIRUS DISEASE OUTBREAK

In Mid-March of 2020 the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of the coronavirus disease. A high degree of uncertainty persists surrounding the full economic impact of the situation. Consequently, at the time of issuance of these financial statements the financial impact of the current situation is not yet known.