

**Grand River Community
Health Centre**

Financial Statements
March 31, 2017



June 7, 2017

Independent Auditor's Report

To the Directors of Grand River Community Health Centre

We have audited the accompanying financial statements of Grand River Community Health Centre, which comprise the statement of financial position as at March 31, 2017 and the statements of changes in net assets, operations and cash flows for the year then ended, and the related notes, which comprise 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 public sector accounting standards, 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 entity'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.

*PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Grand River Community Health Centre as at March 31, 2017 and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

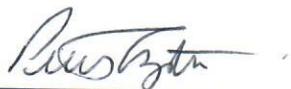
Grand River Community Health Centre

Statement of Financial Position

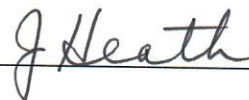
As at March 31, 2017

| | 2017 \$ | 2016 \$ |
|--|------------------|------------------|
| Assets | | |
| Current assets | | |
| Cash (note 3) | 2,083,443 | 1,858,473 |
| Accounts receivable | 140,524 | 91,960 |
| Prepaid expenses | 20,148 | 20,667 |
| | <u>2,244,115</u> | <u>1,971,100</u> |
| Capital assets (note 4) | <u>2,485,613</u> | <u>2,798,018</u> |
| | <u>4,729,728</u> | <u>4,769,118</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 1,068,444 | 880,130 |
| Funding advanced for capital projects (note 8) | 1,906 | 1,906 |
| Deferred revenue and donations | 92,776 | 81,206 |
| Funds held for disbursement (note 9) | 993,690 | 911,658 |
| | <u>2,156,816</u> | <u>1,874,900</u> |
| Deferred contributions related to capital assets (note 5) | <u>2,485,613</u> | <u>2,798,018</u> |
| Deferred lease liability | <u>81,163</u> | <u>90,511</u> |
| | <u>4,723,592</u> | <u>4,763,429</u> |
| Net Assets | <u>6,136</u> | <u>5,689</u> |
| | <u>4,729,728</u> | <u>4,769,118</u> |
| Commitments (note 6) | | |

Approved on Behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements.

Grand River Community Health Centre

Statement of Changes in Net Assets

For the year ended March 31, 2017

| | 2017 | 2016 |
|---|--------------|--------------|
| | \$ | \$ |
| Balance - Beginning of year | 5,689 | 5,401 |
| Excess of revenues over expenses for the year | 447 | 288 |
| Balance - End of year | <u>6,136</u> | <u>5,689</u> |

The accompanying notes are an integral part of these financial statements.

Grand River Community Health Centre

Statement of Operations

For the year ended March 31, 2017

| | 2017 \$ | 2016 \$ |
|--|------------------|------------------|
| Revenues | | |
| Grant - Local Health Integration Network | 3,978,366 | 3,786,643 |
| Less: Grant allocated to deferred contributions (note 5) | 29,426 | 17,655 |
| Recognition of deferred contributions (note 5) | 334,162 | 319,879 |
| Other income | 185,025 | 195,896 |
| | <u>4,468,127</u> | <u>4,284,763</u> |
| Expenses | | |
| Salaries and wages | 1,703,919 | 1,743,360 |
| Employee benefits (note 10) | 399,120 | 379,256 |
| Medical staff remuneration | 933,475 | 909,242 |
| Medical and surgical supplies | 10,212 | 15,294 |
| Drugs | 4,583 | 5,964 |
| Other supplies | 147,698 | 120,656 |
| Contracted services | 404,294 | 201,893 |
| Other expenses | 321,414 | 390,754 |
| Rent | 208,803 | 198,177 |
| Amortization | 334,162 | 319,879 |
| | <u>4,467,680</u> | <u>4,284,475</u> |
| Excess of revenues over expenses for the year | <u>447</u> | <u>288</u> |

The accompanying notes are an integral part of these financial statements.

Grand River Community Health Centre

Statement of Cash Flows

For the year ended March 31, 2017

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Excess of revenues over expenses for the year | 447 | 288 |
| Items not affecting cash | | |
| Amortization of deferred contributions related to capital assets | (334,162) | (319,879) |
| Amortization of capital assets | 334,162 | 319,879 |
| (Decrease) increase in deferred lease liability | (9,348) | 90,511 |
| | (8,901) | 90,799 |
| Net change in non-cash working capital items (note 11) | 233,871 | (357,792) |
| | 224,970 | (266,993) |
| Investing activities | | |
| Purchase of capital assets | (29,426) | (31,012) |
| Increase in deferred contributions relating to capital assets | 29,426 | 31,012 |
| | - | - |
| Increase (decrease) in cash during the year | 224,970 | (266,993) |
| Cash - Beginning of year | 1,858,473 | 2,125,466 |
| Cash - End of year | 2,083,443 | 1,858,473 |

The accompanying notes are an integral part of these financial statements.

Grand River Community Health Centre

Notes to Financial Statements

March 31, 2017

1 Nature and purpose of the organization

Grand River Community Health Centre (the organization) is incorporated without share capital under the laws of the Province of Ontario. The organization is a not-for-profit organization and, as such, no income taxes are applicable. The organization provides primary health care, health promotion, and illness prevention for Brantford and Brant County.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) including standards that apply to government not-for-profit organizations.

Revenue recognition

The organization follows the deferral method of accounting for contributions, which include donations and government grants.

Operating grants are recorded as revenue in the year to which they relate. Grants approved but not received at the end of an accounting year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in that subsequent year. Where a portion of a grant is repayable as a result of not meeting performance measurements, best estimates of the repayment amount are made and accrued at year-end.

Contributions restricted for the purchase of property and equipment are deferred and amortized to revenue over the same year as the related asset is amortized to expense.

Capital assets

Purchased capital assets are stated at cost. Amortization is provided for in the accounts as follows:

| | |
|----------------------------|----------------------------|
| Leasehold improvements | 13 years straight-line |
| Computer software | 3 - 5 years straight-line |
| Computer equipment | 3 - 5 years straight-line |
| Major equipment | 4 - 20 years straight-line |
| Building service equipment | 5 - 10 years straight-line |

Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

Financial instruments

The organization initially measures its financial instruments at fair value. The organization subsequently measures all its financial instruments at amortized cost, unless management has elected to carry the instrument at fair value.

Grand River Community Health Centre

Notes to Financial Statements

March 31, 2017

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable and accounts payable and accrued liabilities.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment.

3 Cash

The organization's bank account is held at one chartered bank and earns interest at a nominal rate.

4 Capital assets

| | 2017 | | 2016 | |
|------------------------------------|------------------|-----------------------------------|------------------|------------------|
| | Cost \$ | Accumulated amortization \$ | Net \$ | Net \$ |
| Building service equipment | 54,874 | 29,271 | 25,603 | 32,093 |
| Leasehold improvements | 3,477,901 | 1,194,961 | 2,282,940 | 2,551,520 |
| Computer equipment and software | 145,531 | 73,882 | 71,649 | 79,230 |
| Major equipment | 256,984 | 151,563 | 105,421 | 135,175 |
| | <u>3,935,290</u> | <u>1,449,677</u> | <u>2,485,613</u> | <u>2,798,018</u> |

5 Deferred contributions related to capital assets

Deferred contributions relate to the unamortized portion of capital assets. The balance represents contributions received for capital assets that have been deferred and are being amortized and recognized as revenue at the same rate as the related capital assets are amortized. Changes in the deferred contributions balance for the year are as follows:

| | 2017 \$ | 2016 \$ |
|--|------------------|------------------|
| Balance - Beginning of year | 2,798,018 | 3,086,885 |
| Additions to deferred contributions - LHIN funding | 29,426 | 17,655 |
| Additions to deferred contributions - other funding | - | 13,357 |
| Writeoff of contributions related to disposal of capital asset | (7,669) | - |
| | <u>2,819,775</u> | <u>3,117,897</u> |
| Amortized portion of contributions | (334,162) | (319,879) |
| Balance - End of year | <u>2,485,613</u> | <u>2,798,018</u> |

Grand River Community Health Centre

Notes to Financial Statements

March 31, 2017

6 Lease commitment

The organization is committed to the following future minimum lease payments, under terms of an operating lease for office premises, which will expire in April 2025.

| | \$ |
|---------------------|------------------|
| 2018 | |
| 2019 | 202,692 |
| 2020 | 202,692 |
| 2021 | 202,692 |
| 2022 and thereafter | 253,365 |
| | <u>1,013,460</u> |
| | <u>1,874,901</u> |

7 Economic dependence

The organization is primarily funded by the Local Health Integration Network (LHIN) and its ongoing existence is dependent on continued funding by the agency.

8 Capital projects

The organization committed to the construction of a new facility (the project) with an estimated cost of \$3,811,000. The Ministry of Health and Long-Term Care (MOHLTC) committed to provide a capital grant of up to \$3,550,000 for the project. In the event the organization does not expend all of the funding received, it will be returned to MOHLTC. The construction of the building was completed in a prior year for a total cost of \$3,689,919, resulting in the following repayable to MOHLTC, which is outstanding at March 31, 2017 and 2016.

| | \$ |
|---|--------------------|
| Cumulative cost for permanent site | 3,689,919 |
| Cumulative non-MOHLTC funding for permanent site | <u>(393,831)</u> |
| Net cumulative permanent site costs | 3,296,088 |
| Cumulative MOHLTC funding advanced for permanent site | <u>(3,297,994)</u> |
| Funding advanced for capital projects | <u>(1,906)</u> |

Grand River Community Health Centre

Notes to Financial Statements

March 31, 2017

9 Funds held for disbursement

The organization serves as a midwifery program transfer payment agency (TPA). The revenues and expenses of the midwifery practice groups are not reflected in these financial statements. Activity for the year consisted of:

| | 2017 \$ | 2016 \$ |
|--|------------------|------------------|
| Ontario Midwifery Program revenues | | |
| MOHLTC - Midwifery Program payments | 9,932,001 | 9,098,490 |
| Total Ontario Midwifery Program revenues | <u>9,932,001</u> | <u>9,098,490</u> |
| Ontario Midwifery Program expenses | | |
| Fees | | |
| Base | 5,243,873 | 4,698,551 |
| New registrant | 489,826 | 618,452 |
| | <u>5,733,699</u> | <u>5,317,003</u> |
| Disbursements | | |
| Base travel | 165,700 | 147,680 |
| Second attendant | 10,500 | 5,000 |
| Base liability insurance | 1,555,629 | 1,288,805 |
| Administrative support | 20,000 | 20,000 |
| Home birth kit | 17,922 | 16,356 |
| Base other | 801,059 | 714,576 |
| | <u>2,570,810</u> | <u>2,192,417</u> |
| New registrant travel | 16,820 | 23,100 |
| New registrant liability insurance | 356,949 | 443,152 |
| New registrant other | 67,276 | 89,466 |
| | <u>441,045</u> | <u>555,718</u> |
| Grants | | |
| Office equipment | 69,520 | 42,000 |
| Special request office equipment | 63,889 | 46,443 |
| IT software | - | 2,620 |
| Leasehold improvements | 23,400 | 3,862 |
| TPA support for uninsured clients | 32,555 | 14,230 |
| New registrant equipment | 46,073 | 58,792 |
| New registrant office equipment | - | 12,345 |
| | <u>235,437</u> | <u>180,292</u> |
| Other | | |
| TPA operations fee | 80,812 | 64,892 |
| Total Ontario Midwifery Program expenses | <u>9,061,803</u> | <u>8,310,322</u> |
| Excess of revenues over expenses | <u>870,198</u> | <u>788,168</u> |
| Accumulated surplus - Beginning of year | 911,658 | 1,490,793 |
| Less: Amounts paid to MOHLTC | 788,166 | 1,367,303 |
| Plus: Excess of revenues over expenses | <u>870,198</u> | <u>788,168</u> |
| Funds held for disbursement | <u>993,690</u> | <u>911,658</u> |

Grand River Community Health Centre

Notes to Financial Statements

March 31, 2017

Included in the funds held for disbursement is \$123,500 (2016 - \$123,500) related to grants for leasehold improvements, which will be advanced to the midwifery practice groups in the subsequent fiscal year. The excess of revenue over expenditures will be advanced to the midwifery practice groups in the subsequent fiscal year. If all of the funds are not advanced, they will be returned to MOHLTC.

10 Employee future benefits

Substantially all of the full-time employees of the organization are eligible to be members of the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer average of the best five years' pay contributory pension plan, and employees are entitled to certain post-employment benefits. HOOPP is a defined benefit pension plan; however, as the organization has insufficient information to apply defined benefit plan accounting, it is accounted for as a defined contribution plan, whereby contributions are expensed when due.

Contributions made during the year to HOOPP by the organization amounted to \$165,583 (2016 - \$189,097). These amounts are included in employee benefits expense in the statement of operations.

11 Change in non-cash working capital items

| | 2017 | 2016 |
|--|----------------|------------------|
| | \$ | \$ |
| Accounts receivable | (48,565) | 73,954 |
| Prepaid expenses | 520 | 6,021 |
| Accounts payable and accrued liabilities | 188,314 | 153,349 |
| Deferred revenue and donations | 11,570 | (11,981) |
| Funds held for disbursement | 82,032 | (579,135) |
| | <u>233,871</u> | <u>(357,792)</u> |

12 Financial instruments

Credit risk

The organization's exposure to credit risk relates to its accounts receivable. The risk of significant credit loss is considered low.