West Elgin
Community
Health Centre

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FINANCIAL STATEMENTS OF

WEST ELGIN COMMUNITY HEALTH CENTRE

YEAR ENDED MARCH 31, 2018

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MANAGEMENT'S REPORT

The accompanying financial statements of The West Elgin Community Health Centre have been prepared by Management, and approved by the Board of Directors of the West Elgin Community Health Centre at their meeting of June 26, 2018.

Management works with the Board of Directors to carry out its responsibility for the financial statements principally through the Finance Committee. Voting membership of this Committee is comprised solely of independent volunteers possessing a high degree of financial literacy. The Finance Committee meets with Management and the external auditors to review audit plans and any significant accounting and auditing matters, and discuss the results of audit examinations. The Finance Committee also review the financial statements and the external auditors' report and submit its findings to the Board of Directors for their consideration in recommending the approval of the financial statements by The West Elgin Community Health Centre.

The West Elgin Community Health Centre maintains a system of internal controls over financial reporting that is continually reviewed and improved to provide assurance that financial information is relevant and reliable, and that assets are properly accounted for and safe-guarded.

The financial statements have been prepared in accordance with Canadian Not-For-Profit Accounting Standards. Where alternative accounting methods exist, Management has chosen those it deems most appropriate in the circumstances.

Andy Kroeker

Andrew Kroeker,
Executive Director

John Mockler,
Finance & Operations Manager

Date: June 26, 2018

GRAHAM SCOTT ENNS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of the West Elgin Community Health Centre:

We have audited the accompanying financial statements of West Elgin Community Health Centre, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, 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.

Auditors' 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 whether the financial statements are free of 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.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of West Elgin Community Health Centre as at March 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

St. Thomas, Ontario

June 26, 2018

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

Statement of Financial Position
March 31

Assets	**2018**	**2017**
	$	**$**
Current Assets		
Cash	767,537	297,686
HST recoverable	76,569	41,740
Accounts receivable – Note 3	23,162	107,933
Due from Ministry	-	175,355
Prepaid expenses	42,017	36,574
	909,285	659,288
Restricted cash and cash equivalents – Note 8	69,311	68,962
Tangible Capital assets – Note 4	1,901,586	1,690,581
	1,970,897	1,759,543
	2,880,182	**2,418,831**
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	740,524	426,052
Government remittances	107,169	94,936
Deferred revenue – Note 6	8,190	15,919
Due to Ministry - CHB	70,288	-
Due to Ministry - Diabetes	374	16,809
Due to Ministry - CSS and SH	66,130	52,332
	992,675	606,048
Deferred capital funding – Note 7	1,772,888	1,561,519
Net assets		
Internally restricted - Note 8	69,311	68,962
Unrestricted	45,308	182,302
	114,619	251,264
	2,880,182	**2,418,831**

Approved on behalf of the Board

Jennifer Lord *Director*

Deb Paye *Director*

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets
March 31

	Internally Restricted (Note 8)	Unrestricted	**2018 $**	**2017 $**
Balance, beginning of year	68,962	182,302	251,264	166,854
Excess (deficiency) of revenue over expenses		(136,645)	(136,645)	84,410
Transfers to internally restricted net assets	349	(349)	-	-
Balance, end of year	**69,311**	**45,308**	**114,619**	**251,264**

The accompanying notes are an integral part of this financial statement.

Statement of Operations
For the Year Ended March 31

	2018	2017
	$	$
Revenue		
Government funding	5,338,711	5,175,738
Government funding – one time	96,327	9,464
Amortization of deferred capital contributions	197,690	161,130
Consumer income	90,450	71,628
Grants and program funding	10,751	85,774
Other revenue	44,196	35,745
Memberships and donations	1,134	200
Local use	184	2,136
	5,779,443	5,541,815
Expenses		
Salaries and wages	3,644,306	3,471,791
Benefits	867,859	807,179
Amortization – capital assets	16,700	18,776
Amortization – capital assets funded by deferred revenue	197,690	161,130
Contracted out	209,977	256,317
Buildings and grounds	116,027	113,874
Equipment	53,789	52,514
Medical and surgical supplies	23,799	30,268
Supplies and sundry - Schedule B	542,935	520,953
	5,673,082	5,432,802
Excess revenue over expenses, prior to settlement of prior year recoverable amounts and funding repayable	**106,361**	**109,013**
Settlement of prior year recoverable amounts	(137,840)	-
Funding repayable, Ministry of Health & Long-Term Care – Note 9	(105,166)	(24,603)
Excess (deficiency) of revenue over expenses	**(136,645)**	**84,410**

The accompanying notes are an integral part of this financial statement.

Statement of Cash Flows
Year ended March 31

	2018	2017
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses	(136,645)	84,410
Items not requiring outlay of funds:		
• Amortization of capital assets	214,390	179,906
• Amortization of deferred capital contributions	(197,690)	(161,130)
	(119,945)	103,186
Changes in non-cash working capital:		
• Accounts receivable and HST recoverable	49,942	(99,331)
• Prepaid expenses	(5,443)	(8,338)
• Accounts payable and government remittances payable	326,705	75,243
• Deferred revenue	(7,729)	(64,004)
• Due to Ministry of Health and Long-Term Care	243,006	24,603
	606,481	(71,827)
	486,536	31,359
Investing activities		
Purchase of capital assets	(425,395)	(38,379)
Purchase of work in progress	-	(80,536)
	(425,395)	(118,915)
Financing activities		
Net change in restricted cash	(349)	(68,962)
Deferred capital funding	409,059	80,536
	408,710	11,574
Increase (decrease) to cash	469,851	(75,982)
Cash, beginning of year	297,686	373,668
Cash, end of year	**767,537**	**297,686**

The accompanying notes are an integral part of this financial statement.

Status and purpose of the organization

The West Elgin Community Health Care Centre ("Organization") provides primary health care and social services in West Elgin and Dutton/ Dunwich, Ontario. The Organization was incorporated on December 2, 1992 as a non-profit corporation without share capital in the Province of Ontario and was granted registered charity status effective April 1, 1993. The Organization is exempt from income taxes under the Canadian Income Tax Act.

The West Elgin Community Health Centre is funded primarily by the Province of Ontario in accordance with the funding policies established by the Ontario Ministry of Health and Long-Term Care ("Ministry") and the Local health Integration network ("LHIN"). Any excess of revenue over expenses earned during a fiscal year is returned to the LHIN. The Ministry's stated policy is that deficits incurred by the Organization will not be funded, and this policy has been consistently followed. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected. The LHIN provides operating funding which is expected to be received on an annual basis, and special funding, which is non-recurring in nature and consequently is unconfirmed for future years.

The Organization operates under a Multi-Sector Accountability Agreement ("M-SAA") with the LHIN. This agreement sets out the rights and obligations of the two parties including funding provided to the Organization together with performance standards and obligations of the Organization that establish acceptable performance results for the Organization.

If the Organization does not meet certain performance standards or obligations, the Ministry has the right to adjust some funding streams received by the Organization.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

a) Revenue recognition

The Organization follows the deferral method of accounting for contributions and donations. Funding is recognized in the financial statements as revenue in the period in which events giving rise to the funding occur, providing the funding is authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Client fees and other revenue are recognized as revenue when received.

Capital contributions for the purposes of acquiring major depreciable assets are recorded as deferred capital contributions and amortized on the same basis and over the same periods as the related capital assets.

b) Restricted cash and cash equivalents

Restricted cash and cash equivalents represent internally restricted net assets; these amounts designated by the Board for future purposes, which are outlined in note 8.

c) Tangible capital assets

Tangible capital assets are stated cost less accumulated amortization. Amortization provided on a straight line basis over the estimated useful life of the assets at the rate of 20% for equipment and furniture and fixtures, 33.3% for computer equipment, 6.7% for the generator, and 5% for the building. Amortization is not recognized on tangible capital assets not yet in service.

d) Use of estimates

The preparation for financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

e) Employee future benefits

The costs of multi-employer defined benefit pension plan benefits, such as the Healthcare of Ontario pension Plan ("HOOPP") pensions, are the employer's contributions due to the plan in the period. As this plan is a multi-employer plan, no liability has been recorded in the Organization's financial statements and contributions are expensed as contributions are due. Employee entitlement to plan contributions while on leave are accrued as earned. Contributions towards the legacy defined contribution pension plan are expensed as contributions are due.

f) Financial instruments

Measurement of financial instruments:

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except any investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations for the year.

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down and any subsequent reversal is recognized in operations for the year.

g) Cash and cash equivalents

The Organization's policy is to include bank balances and term deposits with maturity period of three months or less from the date of acquisition under cash and cash equivalents.

h) Impairment of long-lived assets

Long-lived assets are comprised of tangible capital assets, amortized at rates disclosed in Note 1(c) above. The Organization reviews long-lived assets for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. Management is of the opinion that no such impairment loss existed at the year-end date.

i) Contributed services

Volunteers contribute a considerable amount of time each year to assist the Organization in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

2. Financial instruments risk management

The Organization is exposed to various risks through its financial instruments. The following analysis provides information about the corporation's risk exposure and concentration at March 31, 2018.

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 Organization is exposed to credit risk from government contributions provided by the Ministry: However, the Ministry is obligated to provide contributions under the terms of funding agreements. Other receivables are monitored closely and appropriate collection actions are taken as required.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization reduces its exposure to liquidity risk by forecasting its cash needs on a regular basis and ensuring that it documents when authorized payments become due.

Other risks
It is management's belief that the Organization is not exposed to significant currency, interest rate, or market risk.

There have been no significant changes in the nature or concentration of the risk exposures from the prior year.

3. Accounts receivable

	2018 $	2017 $
Client and other	10,276	17,933
Due from Ministry – bill 148 one time funding and PSW training	12,886	-
Due from Ministry - accessible van funding	-	90,000
	23,162	107,933

4. Tangible capital assets

Capital assets are comprised of:

	Cost	Accumulated Amortization	Net Book Value	Prior Year NBV
	$	$	$	$
Building	3,736,398	1,943,933	1,792,465	1,570,226
Equipment	203,800	94,679	109,121	20,355
	3,940,198	**2,038,612**	**1,901,586**	**1,690,581**

Included in equipment is $8,798 that is not being amortized.

5. Credit facilities

The Organization maintains a credit facility including an operating line of $100,000 secured by a general assignment of debts with a stated rate of Prime plus 1%. At March 31, 2018 no amounts were drawn on this facility (2017 – NIL.)

6. Deferred revenue

The Organization receives grants and program funding from a number of governmental and non-governmental organizations. Under the terms of the program funding agreements or as agreed by the funders, grants and program funding in excess of expenditures for the year are either returned to the funder or deferred to a subsequent fiscal year. Deferred revenue is comprised as follows:

	2018	2017
	$	$
Donations – current operations	3,584	3,584
Ontario Sport and Recreation Communities Fund	-	1,129
SMART programs	2,427	4,132
Other programs	2,179	7,074
	8,190	**15,919**

7. Deferred capital funding

Deferred capital funding represents contributions received from the Ministry for the construction of the facility and purchase of major renovations and equipment. These contributions are being amortized into income on the same basis as amortization is recorded on the related capital assets. Deferred capital contributions are as comprised:

	2018 $	2017 $
Balance, beginning of year	1,561,519	1,642,113
Additions	409,059	80,536
Amortization included in revenue – current year	(197,690)	(161,130)
Balance, end of year	**1,772,888**	**1,561,519**

8. Unrestricted and restricted net assets

Unrestricted assets include $62,621 (2017 - $61,088) listed under Schedule A: Operations By Program include surplus funds derived from memberships, donations and other non-government sources. These funds, although subject to Ministry of Health approval, are not considered repayable to the Ministry.

The Board has restricted $69,311(2017 – $68,952) establishing a reserve for spending for the purposes of long term strategic or capital planning, and redevelopment of the Organization.

9. Reconciliation of net surplus – Diabetes, Community Support, Assisted Living, and Community Health

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations that include the treatment of tangible capital assets as described in Note 1(b). The Ministry treats expenditures of a capital nature as an expense in the year the expenditure is incurred. Accordingly, the excess of revenue over expense prior to funding repayable shown on page 16 in these financial statements for Diabetes, Community Support, Assisted Living, and Community Health must be adjusted for the effect of capitalizing assets and unfunded deficits in order to derive the net surplus calculated by the Ministry. The reconciliation of net surplus is as follows:

	Diabetes	Community Support	Assisted Living	Community Health	2018 $	2017 $
Excess (deficiency) of revenue over expenses, prior to funding repayable Reconciliation to Ministry Format	(27,072)	(324)	34,878	96,997	104,479	40,051
• Add back Diabetes deficit	27,072			(27,072)		
• Add back Community Support deficit		324			324	
• Add back Community Health Deficit						4,155
• Add back amortization of capital assets	-	-	-	16,700	16,700	18,776
• Deduct expenditures recorded as capital assets	-	-	-	16,337	16,337	38,379
Funding repayable	-	-	34,878	70,288	105,166	24,603

10. Commitments and Contingencies

(a) In the normal course of operations, the Organization may be subject to various human resource matters. Currently, no significant matters are pending resolution.

(b) The Organization participates in the Healthcare Insurance Reciprocal of Canada (“HIROC”). HIROC is a pooling of the public liability insurance risks of its healthcare members. All members of the HIROC pool pay annual premiums which are actuarially determined. All members are subject to assessment for losses, if any, experienced by the pool for the years in which they were members. No assessments have been made for the year ended March 31, 2018.

11. Employee Future Benefits

a) Substantially all full time employees of the Organization are member of the Healthcare of Ontario pension Plan (“HOOPP”). As HOOPP is a multi-employer, defined benefit pension plan, no actuarial liability has been recorded on the Organization’s financial statements. Employer contributions to HOOPP are expensed as contributions are due.

b) Employer contributions to HOOPP on behalf of employees amounted to $311,466 for the year ended March 31, 2018 (2017 - $286,689). The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2017 disclosed net assets available for benefits of $77.8 billion (2016 – $70.4 billion) with pension obligations of $59.6 billion (2016 - 54.5 billion) resulting in a surplus of $15.9 billion (2015 - 14.8 billion). The cost of pension benefits is determined by HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2017, the HOOPP was 1.30% funded (2016 – 1.29%).

Some employees remain with the legacy pension plan provider, Sun Life. This is a defined contribution pension plan. Employees can transition to HOOPP upon request. Employer contribution to Sun Life on behalf of employees amounted to $17,359 (2017 - $26,023).

12. Comparative figures

Certain prior year figures have been reclassified to conform with current year presentation.

Schedule A: Operations by Program
For the Twelve Months Ending March 31, 2018

	Local	Diabetes	Community Support	Assisted Living	Community Health	Total
	$	$	$	$	$	$
Revenue						
Government funding	-	433,255	150,151	871,728	3,883,577	5,338,711
Government funding – one time		-	383	12,503	83,441	96,327
Amortization of deferred capital contributions	-	-	-	-	197,690	197,690
Consumer income	-	-	89,751	499	200	90,450
Grants & Programs funding	10,751	-	-	-	-	10,751
Other revenue	748	50	850	200	42,348	44,196
Memberships & donations	134	-	1,000	-	-	1,134
Local use	184	-	-	-	-	184
	11,817	**433,305**	**242,135**	**884,930**	**4,207,256**	**5,779,443**
Expenses						
Salaries and wages	101	338,022	87,698	574,633	2,643,852	3,644,306
Benefits	4	91,804	31,799	143,702	600,550	867,859
Amortization – capital assets	-	-	-	-	16,700	16,700
Amortization – deferred capital assets	-	-	-	-	197,690	197,690
Contracted out	1,336	240	18,221	12,807	177,373	209,977
Building and grounds	-	14,349	3,012	45,944	52,722	116,027
Equipment expenses	-	739	224	6,140	46,686	53,789
Medical and surgical supplies	-	-	-	442	23,357	23,799
Supplies and sundry	8,494	15,223	101,505	66,384	351,329	542,935
	9,935	**460,377**	**242,459**	**850,052**	**4,110,259**	**5,673,082**
Excess revenue over expenses, prior to settlement of prior year recoverable amounts and funding repayable	**1,882**	**(27,072)**	**(324)**	**34,878**	**96,997**	**106,361**
Settlement of prior year recoverable amounts					(137,840)	(137,840)
Funding repayable to Ministry of Health & Long Term Care	-	-	-	(34,878)	(70,288)	(105,166)
Excess (deficiency) of revenue over expenses	**1,882**	**(27,072)**	**(324)**	**0**	**(111,131)**	**(136,645)**
Transfer to restricted net assets	(349)					(349)
Unrestricted net assets, beginning of year	61,088	-	12,000	21,525	87,689	182,302
Unrestricted net assets, end of year	**62,621**	**(27,072)**	**11,676**	**21,525**	**(23,442)**	**45,308**

Schedule B: Expenses- Supplies and Sundry
For the Twelve Months Ending March 31

	Local	Diabetes	Community Support	Assisted Living	Community Health	Total 2018	Total 2017
	$	$	$	$	$	$	$
Supplies and sundry							
Maintenance / repair	-	-	-	-	74,044	74,044	64,543
Travel / transportation	5,372	3,463	65,080	16,004	16,982	106,901	81,994
Computer expenses	-	-	-	17,358	80,064	97,422	97,081
Resources / materials	-	4,041	397	1,876	10,954	17,268	19,429
Telephone	-	2,175	890	9,111	33,652	45,828	46,916
Legal / audit	-	-	-	4,637	10,983	15,620	37,904
Food costs	-	744	27,986	-	12,097	40,827	36,925
Office supplies	3,122	532	1,444	2,805	29,460	37,363	33,636
Memberships	-	-	85	3,227	13,821	17,133	16,337
Staff development	-	1,682	81	4,733	24,381	30,877	28,203
Printing / photocopy	-	2,497	-	3,926	16,449	22,872	18,628
Insurance	-	-	-	-	16,761	16,761	17,863
Bad debt expense	-	-	3,740	-	137	3,877	2,069
Meeting	-	89	134	203	4,868	5,294	5,629
Postage / courier	-	-	-	10	2,777	2,787	4,263
Accreditation	-	-	-	799	3,197	3,996	4,196
Recruitment	-	-	-	-	702	702	1,437
Volunteer recognition	-	-	1,562	-	-	1,562	2,270
Service supplies	-	-	106	1,695	-	1,801	1,630
	8,494	**15,223**	**101,505**	**66,384**	**351,329**	**542,935**	**520,953**