

WINDSOR ESSEX COMMUNITY HEALTH CENTRE

FINANCIAL STATEMENTS

MARCH 31, 2017

**WINDSOR ESSEX COMMUNITY HEALTH CENTRE
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MARCH 31, 2017**

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Independent Auditors' Report

To the Board of Directors of
Windsor Essex Community Health Centre

Report on the Financial Statements

We have audited the financial statements of Windsor Essex Community Health Centre as at March 31, 2017 which comprise the statement of financial position as at March 31, 2017, and the statements of revenue and expenditures, changes in fund balances 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 private enterprises 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 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 auditors' 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, the financial statements present fairly, in all material respects, the financial position of Windsor Essex Community Health Centre as at March 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Hyatt Lassaline LLP

Chartered Professional Accountants, Licensed Public Accountants

203 - 2510 Ouellette Avenue
Windsor, Ontario

June 26, 2017

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017

	Operating Fund \$	Centre Fund \$	Total 2017 \$	Total 2016 \$
ASSETS				
CURRENT ASSETS				
Cash	1,854,558	1,014,916	2,869,474	2,696,456
Accounts receivable	15,334	8,857	24,191	23,647
Government remittances receivable	97,428		97,428	64,974
Interfund balances	690,112	(690,112)		
Prepaid expenses	81,804	1,800	83,604	115,039
Due from Community Health Foundation of Windsor and Essex County		8,882	8,882	107,546
	2,739,236	344,343	3,083,579	3,007,662
CAPITAL ASSETS (note 4)	1,107,033	404,914	1,511,947	1,256,104
	3,846,269	749,257	4,595,526	4,263,766
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	866,392	2,749	869,141	476,495
Government remittances payable	204,022		204,022	82,904
Due to Ministry of Health and Long-Term Care	904,632		904,632	1,194,067
	1,975,046	2,749	1,977,795	1,753,466
DEFERRED CONTRIBUTIONS				
Future expenditures (note 5)	1,077,156	10,702	1,087,858	1,091,410
Property and equipment (note 5)	794,067		794,067	667,048
	1,871,223	10,702	1,881,925	1,758,458
	3,846,269	13,451	3,859,720	3,511,924
FUND BALANCES		735,806	735,806	751,842
	3,846,269	749,257	4,595,526	4,263,766

Helen Clark

[Signature]

**WINDSOR ESSEX COMMUNITY HEALTH CENTRE
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2017**

	Operating Fund (Schedule 1) \$	Centre Fund \$	Total 2017 \$	Total 2016 \$
REVENUE				
Ministry of Health and Long-Term Care	16,309,674		16,309,674	14,801,753
Paymaster expense	(2,578,986)		(2,578,986)	(2,234,810)
Ministry of Children and Youth Services		183,372	183,372	183,379
Ministry of Health Promotion		67,200	67,200	67,200
Lakeshore community services	205,856		205,856	205,856
Maryvale		86,114	86,114	86,114
City of Windsor				117,407
Donations and fundraising		17,407	17,407	10,812
Interest	12,923	6,757	19,680	17,835
Other	179,388	68,880	248,268	227,448
Amortization of deferred contributions	146,463		146,463	203,142
Deferred contributions related to funded capital asset purchases	(273,482)		(273,482)	
	<u>14,001,836</u>	<u>429,730</u>	<u>14,431,566</u>	<u>13,686,136</u>
EXPENDITURES				
Salaries and benefits	10,829,028	332,199	11,161,227	10,718,472
Occupancy	1,013,895	6,265	1,020,160	817,921
Computers, furniture and equipment	266,576	2,327	268,903	279,539
Medical	62,193	37,083	99,276	107,476
Contracted out services	48,885	1,920	50,805	46,587
Sundry expenses:				
Office	594,470	27,563	622,033	629,366
Amortization	146,463	23,818	170,281	214,732
Travel	131,379	501	131,880	134,041
Professional development	117,153	188	117,341	126,393
Program	227,973	(2,228)	225,745	133,260
Insurance	42,654		42,654	33,225
Professional fees	10,986	2,000	12,986	30,522
Donations		14,127	14,127	6,154
	<u>13,491,655</u>	<u>445,763</u>	<u>13,937,418</u>	<u>13,277,688</u>
EXCESS (DEFICIENCY) BEFORE SURPLUS REPAYABLE	510,181	(16,033)	494,148	408,448
SURPLUS REPAYABLE	(510,181)		(510,181)	(434,548)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES		(16,033)	(16,033)	(26,100)

**WINDSOR ESSEX COMMUNITY HEALTH CENTRE
 STATEMENT OF CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED MARCH 31, 2017**

	Operating Fund \$	Centre Fund \$	Total 2017 \$	Total 2016 \$
FUND BALANCE, BEGINNING OF YEAR		751,839	751,839	777,942
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES		(16,033)	(16,033)	(26,100)
BALANCE, END OF YEAR		735,806	735,806	751,842

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Non-cash items included in the determination of excess (deficiency) revenues over expenditures:		
Cash receipts from customers, members and funding agencies	14,522,040	13,577,511
Cash paid to suppliers and employees	(13,221,941)	(13,557,401)
Repayments to Ministry of Health and Long-Term Care	(799,621)	(1,382,973)
Repayments to Ministry of Health Promotion		(42,418)
Repayments to Ministry of Children and Youth Services		(100)
	500,478	(1,405,381)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of capital assets	(426,124)	(100,740)
Transfer of investments held in trust		1,059,663
Repayments from (advances to) Community Health Foundation of Windsor and Essex County	98,664	(1,103,289)
	(327,460)	(144,366)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	173,018	(1,549,747)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,696,456	4,246,203
CASH AND CASH EQUIVALENTS, END OF YEAR	2,869,474	2,696,456
Cash and cash equivalents comprised of:		
Cash	2,869,474	2,696,456

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

1. NATURE OF OPERATIONS

Windsor Essex Community Health Centre, incorporated without share capital under the laws of Ontario, is a registered charity exempt from income taxes under Section 149(1)(f) of the Income Tax Act of Canada. The organization supports the health and wellness of our vulnerable population in everything we do. Vulnerable are those in need of care and system navigation due to identified risk factors.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian Accounting standards for not-for-profit organizations.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid and for which the original maturities are less than three months.

Revenue recognition

The organization follows the deferral method of accounting for contributions as described below.

Where the use of the contributions has been restricted, the revenue is deferred and recognized in the year in which the related expenses are incurred. Where a portion of a contribution relates to a future period, it is deferred and recognized in the subsequent period.

Contributions restricted for the purchase of property and equipment are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted interest income is recognized as revenue when earned.

Donated services

Donated services are not recorded in the accounts. Where the value is ascertainable, donated goods are recognized at their fair value.

Fund accounting

In accordance with the practice common to similar organizations, the organization follows the fund basis of accounting to recognize in its accounts the responsibility to utilize funds only for the purposes for which such funds were raised or contributed.

Operating Fund

Revenue and expenses related to program delivery and administrative activities funded and managed by the Ministry of Health and Long-Term Care (MOHLTC) and Local Health Integration Network (LHIN) in accordance with budget arrangements established by the MOHLTC are reported in the Operating Fund. The organization is the transfer payment agency for the Ontario Midwifery Program and the Southwest Ontario Aboriginal Health Access Centre.

Centre Fund

Funding from other agencies and other sources, certain donations, and accumulated fundraising balances are recorded in the Centre Fund. These funds may be used at the discretion of the organization to provide additional funding for the required expenditures.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations. Financial assets that are measured at fair value include: investments held in trust. Financial assets measured at amortized cost include: cash, accounts receivable, interfund balances, prepaid expenses and due from Ministry of Children and Youth Services. Financial liabilities measured at amortized cost include: accounts payable and accrued liabilities, government remittances payable, deferred contributions, due to Community Health Foundation of Windsor and Essex County and amounts due to Ministry of Health and Long-Term Care.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any resulting write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

The organization recognizes its transaction costs in the statement of operations in the year incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Employee future benefits

Employees of the organization are members of the Healthcare of Ontario Pension Plan (HOOPP) which is a multi-employer final average pay contributory pension plan. Defined contribution plan accounting is applied to this plan as the organization has insufficient information to apply defined benefit plan accounting standards.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the organization's ability to provide services, its carrying amount is written down to its residual value.

Amortization is calculated on a straight-line basis at the following annual rates:

Leasehold improvements	5 - 20 years
Office furniture and equipment	5 years
Computer equipment	3 years
Medical equipment	3 years

3. ALLOCATION OF EXPENSES

The organization allocates certain of its fundraising and general support expenses based on budget. Costs relating to specific programs in the Operating fund are allocated within the budgeted funding and any unfunded costs are absorbed in the Centre fund. Allocated fundraising and general support expenses include salaries and benefits, professional fees, occupancy costs, purchased services and development costs.

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

4. CAPITAL ASSETS

The following is a summary of the capital assets and accumulated amortization.

	Cost \$	Accumulated Amortization \$	Net 2017 \$	Net 2016 \$
Leasehold improvements	1,328,042	243,248	1,084,794	959,711
Office furniture and equipment	1,225,353	1,174,618	50,735	81,415
Computer equipment	448,257	393,922	54,335	54,655
Medical equipment	41,582	32,464	9,118	
Construction in progress	312,965		312,965	160,323
	3,356,199	1,844,252	1,511,947	1,256,104

5. DEFERRED CONTRIBUTIONS

Future Expenditures

The balance represents funds available from the MOHLTC Health Capital Investment branch for the purpose of relocating the Sandwich Community Health Centre site. Funds spent in the year relating to this project have been capitalized as construction in progress. Amortization of the contributions will begin when the new facility is occupied by the organization.

	2017 \$	2016 \$
Opening balance	1,072,808	1,067,278
Interest earned on funds	4,348	5,530
Closing balance	1,077,156	1,072,808

Property and equipment

The balance represents the unamortized amount of grants received for the purchase of property and equipment. The amortization of the contributions is recorded as revenue in the statement of operations on a straight-line basis, at a rate corresponding with the amortization rate for the related property and equipment.

	2017 \$	2016 \$
Opening balance	667,048	857,962
Funding used for the purchase of property and equipment	273,482	12,228
Amounts amortized to revenue	(146,463)	(203,142)
Closing balance	794,067	667,048

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

6. COMMITMENTS

The organization has entered into lease commitments for its premises. Total commitments for these lease payments for the next five years are as follows:

	\$
2018	515,698
2019	515,698
2020	515,698
2021	459,570
2022	448,345

The organization has entered into lease commitments for vehicles and equipment. Total commitments for these lease payments for the next three years are as follows:

	\$
2018	15,337

7. ECONOMIC DEPENDENCE

Approximately 96% (2015 - 97%) of the organization's funding was received from the Ministry of Health and Long-Term Care.

8. FINANCIAL INSTRUMENTS

Risks and concentrations

The company is exposed to various risks through its financial instruments. The following analysis provides a measure of the company's risk exposure as of March 31, 2017:

Interest rate risk

Interest rate risk refers to the risk that the fair value of a financial instrument might be adversely affected by a change in interest rates. The organization is exposed to interest rate risk primarily through its guaranteed investment certificates and term deposits which are included in cash and invested cash.

9. ASSET RETIREMENT OBLIGATION

Under a lease agreement, the organization will have to dismantle certain leasehold improvements at the end of the lease. No adjustment has been made to reflect the obligation as at March 31, 2016.

During the year, no payment was made to settle the asset retirement obligation because the lease ends in 1 year. None of the assets are legally restricted for the purposes of settling the obligation.

10. COMPARATIVE FIGURES

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
SCHEDULE 1 - SUPPLEMENTARY FINANCIAL INFORMATION
MINISTRY OF HEALTH AND LHIN MANAGED PROGRAMS
FOR THE YEAR ENDED MARCH 31, 2017

	CHC	Diabetes	Self	Eating	Subtotal	Other	Total
	\$	\$	\$	\$	\$	\$	\$
REVENUE							
Base funding	10,031,127	2,015,056	197,550	189,651	12,433,384	529,215	12,962,599
One time Funding	420,295			4,000	424,295		424,295
Paymaster funding	485,000				485,000	2,437,780	2,922,780
FUNDING PER PAY NOTICE	10,936,422	2,015,056	197,550	193,651	13,342,679	2,966,995	16,309,674
Other	149,226		30,162		179,388		179,388
Interest	5,846				5,846	7,077	12,923
Paymaster funding	205,856				205,856		205,856
Paymaster expense	(485,000)				(485,000)	(2,093,986)	(2,578,986)
TOTAL REVENUE FOR SETTLEMENT PURPOSES	10,812,350	2,015,056	227,712	193,651	13,248,769	880,086	14,128,855
Amortization of deferred contributions	146,463				146,463		146,463
Deferral of funded capital purchases	(273,482)				(273,482)		(273,482)
TOTAL REVENUE	10,685,331	2,015,056	227,712	193,651	13,121,750	880,086	14,001,836
EXPENDITURES							
Salaries and benefits	8,314,602	1,814,645	108,493	181,383	10,419,123	409,905	10,829,028
Occupancy	947,202	31,505	7,578		986,285	27,610	1,013,895
Computers, furniture and equipment	245,685	19,379			265,064	1,512	266,576
Medical supplies	54,494	7,690			62,184	9	62,193
Contracted out services	43,113	2,802		2,970	48,885		48,885
Sundry Expenses	775,655	139,035	111,284	8,268	1,034,242	90,373	1,124,615
Current year funded capital purchases	273,482				273,482		273,482
TOTAL EXPENDITURES FOR SETTLEMENT PURPOSES	10,654,233	2,015,056	227,355	192,621	13,089,265	529,409	13,618,674
Amortization	146,463				146,463		146,463
Deferral of funded capital purchases	(273,482)				(273,482)		(273,482)
TOTAL EXPENDITURES	10,527,214	2,015,056	227,355	192,621	12,962,246	529,409	13,491,655
EXCESS OF REVENUE OVER EXPENDITURES	158,117		357	1,030	159,504	350,677	510,181