

WINDSOR ESSEX COMMUNITY HEALTH CENTRE

FINANCIAL STATEMENTS

MARCH 31, 2015

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
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MARCH 31, 2015

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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, 2015 which comprise the statement of financial position as at March 31, 2015, 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 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 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and other fundraising events, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these donations and other fundraising events was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenditures, assets and fund balances.

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Windsor Essex Community Health Centre as at March 31, 2015 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.

Comparative amounts

The financial statements of Windsor Essex Community Health Centre for the year ending March 31, 2014 were audited by another auditor who expressed a qualified opinion on the statements issued June 17, 2014.

Hyatt Lassaline LLP

Chartered Professional Accountants, Licensed Public Accountants

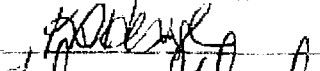
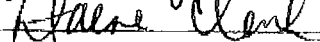
2510 Ouellette Avenue, Suite 203
Windsor, Ontario

June 24, 2015

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
 STATEMENT OF FINANCIAL POSITION
 MARCH 31, 2015

	Operating Fund \$	Centre Fund \$	Capital Fund \$	Total 2015 \$	Total 2014 \$
ASSETS					
CURRENT ASSETS					
Cash	3,062,788	148,213	1,035,202	4,246,203	5,186,721
Accounts receivable	60,561			60,561	11,091
Interfund balances	(499,872)	141,034	358,838		
Prepaid expenses	70,163	1,800		71,963	38,345
	2,693,640	291,047	1,394,040	4,378,727	5,236,157
CAPITAL ASSETS (note 4)			1,370,096	1,370,096	572,561
INVESTMENTS HELD IN TRUST (note 5)		1,059,663		1,059,663	1,005,322
	2,693,640	1,350,710	2,764,136	6,808,486	6,814,040
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	938,178			938,178	1,507,507
Government remittances payable	9,339			9,339	29,218
Due to Ministry of Health and Long-Term Care	1,746,123		386,345	2,132,468	1,793,712
Due to Ministry of Children and Youth Services		99		99	99
Due to Community Health Foundation of Windsor and Essex County		995,743		995,743	1,003,603
Due to Ministry of Health Promotion					36,504
	2,693,640	995,842	386,345	4,075,827	4,370,643
DEFERRED CONTRIBUTIONS					
Future expenditures (note 7)		19,474	1,067,278	1,086,752	1,089,123
Property and equipment (note 7)			857,962	857,962	556,105
		19,474	1,925,240	1,944,714	1,645,228
	2,693,640	1,015,316	2,311,585	6,020,541	6,015,871
FUND BALANCES		335,394	452,551	787,945	798,169
	2,693,640	1,350,710	2,764,136	6,808,486	6,814,040

APPROVED ON BEHALF OF THE BOARD:

 Director
 Director

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2015

	Operating Fund (Schedule 1) \$	Centre Fund \$	Capital Fund \$	Total 2015 \$	Total 2014 \$
REVENUE					
Ministry of Health and Long-Term Care	11,864,136			11,864,136	12,330,054
Ministry of Children and Youth Services		183,379		183,379	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		91,560		91,560	103,950
Donations and fundraising		59,040		59,040	63,853
Interest	37,057	9,333		46,390	65,688
Other	41,700	50,512		92,212	104,049
Amortization of deferred contributions related to capital assets			159,143	159,143	79,243
	12,148,749	547,138	159,143	12,855,030	13,289,386
EXPENDITURES					
Salaries and benefits	9,243,615	386,390		9,630,005	9,131,889
Occupancy	999,604	18,878		1,018,482	699,660
Office	438,195	1,266		439,461	419,494
Computers, furniture and equipment	326,075	5,367		331,442	362,189
Amortization			182,961	182,961	79,243
Professional development	129,371	981		130,352	103,255
Travel	113,393	5,075		118,468	123,015
Medical	67,586	31,289		98,875	115,970
Program	36,203	16,020		52,223	154,547
Purchased services	51,276			51,276	198,193
Donations		50,330		50,330	11,553
Insurance	33,959			33,959	29,424
Development		17,948		17,948	15,283
Professional fees	2,126			2,126	95,881
	11,441,403	533,544	182,961	12,157,908	11,539,596
EXCESS (DEFICIENCY) BEFORE SURPLUS REPAYABLE					
	707,346	13,594	(23,818)	697,122	1,749,790
SURPLUS REPAYABLE					
	(707,346)			(707,346)	(1,326,762)
EXCESS OF REVENUE OVER EXPENDITURES					
		13,594	(23,818)	(10,224)	423,028

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2015

	Operating Fund \$	Centre Fund \$	Capital Fund \$	Total 2015 \$	Total 2014 \$
FUND BALANCE, BEGINNING OF YEAR		798,169		798,169	816,947
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES		13,594	(23,818)	(10,224)	423,028
FUND TRANSFERS (note 6)		(476,369)	476,369		
DEFERRED TRANSFERS					(441,802)
BALANCE, END OF YEAR		335,394	452,551	787,945	798,173

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
	\$	\$
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	13,050,706	15,895,863
Cash paid to suppliers and employees	(12,597,773)	(13,525,011)
Repayments to Ministry of Health and Long-Term Care	(368,591)	(2,484,801)
Repayments to Ministry of Health Promotion	(36,504)	(8,262)
Repayments to Ministry of Children and Youth Services		(20,448)
	<u>47,838</u>	<u>(142,659)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of capital assets	(980,496)	(458,258)
Repayments from (advances to) Community Health Foundation of Windsor and Essex County	(7,860)	5,139
	<u>(988,356)</u>	<u>(453,119)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(940,518)	(595,778)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,186,721	5,782,499
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>4,246,203</u>	<u>5,186,721</u>
Cash and cash equivalents comprised of:		
Cash	<u>4,246,203</u>	<u>5,186,721</u>

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

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 provides health care facilities and programs to the community in Essex County.

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.

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 by the Ministry of Health and Long-Term Care (MOHLTC) 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 the MOHLTC outside of budget arrangements established by the agencies, funding from 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.

Capital Fund

The Capital Fund reports the assets, liabilities, revenues and expenses related to the organization's property and equipment.

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

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 and prepaid expenses. Financial liabilities measured at amortized cost include: accounts payable, government remittances payable, deferred contributions, due to Community Health Foundation of Windsor and Essex County and amounts due to Ministry of Health.

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.

Donated services

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

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, 2015

4. CAPITAL ASSETS

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

	Cost	Accumulated	Net	Net
	\$	Amortization	2015	2014
		\$	\$	\$
Leasehold improvements	1,128,878	93,512	1,035,366	180,345
Office furniture and equipment	1,143,752	1,032,569	111,183	102,487
Computer equipment	383,056	219,092	163,964	273,273
Medical equipment	32,464	32,464		
Construction in progress	59,583		59,583	16,456
	2,747,733	1,377,637	1,370,096	572,561

5. INVESTMENTS HELD IN TRUST

Investments are held in trust for the Community Health Foundation of Windsor and Essex. Investment balance consists of the following:

	2015	2014
	\$	\$
Cash	28,484	25,926
Fixed income	530,409	493,292
Equities	500,770	486,104
	1,059,663	1,005,322

6. INTERFUND TRANSFERS AND BALANCES

At March 31, 2015 the Operating Fund transferred \$476,369 to the Capital Fund for the purchase of leasehold improvements. Interfund balances are non-interest bearing and have no specific repayment date.

7. 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.

	2015	2014
	\$	\$
Opening balance	1,059,042	103,118
Capital funding received		952,308
Interest earned on funds	8,236	3,616
	1,067,278	1,059,042

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

7. DEFERRED CONTRIBUTIONS (cont'd)

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.

	2015	2014
	\$	\$
Opening balance	556,105	193,546
Funding used for the purchase of property and equipment	461,000	441,802
Amounts amortized to revenue	(159,143)	(79,243)
	<hr/>	<hr/>
Closing balance	857,962	556,105

8. 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:

	\$
2016	589,918
2017	573,080
2018	462,774
2019	462,774
2020	462,774

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:

	\$
2016	48,640
2017	47,519
2018	18,936

9. ECONOMIC DEPENDENCE

Approximately 97% (2014 - 91%) of the organization's funding was received from the MOHLTC.

10. 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, 2015:

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, and long-term investments.

WINDSOR ESSEX COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

10. FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk

Liquidity risk relates to the risk the organization will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its statement of financial position consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

11. 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, 2015.

During the year, no payment was made to settle the asset retirement obligation because the lease ends in 2 years. None of the assets are legally restricted for the purposes of settling the obligation.

12. 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 LONG-TERM HEALTH PROGRAMS
FOR THE YEAR ENDED MARCH 31, 2015

	CHC \$	Diabetes Education \$	Eating Disorders \$	Other \$	Total \$
REVENUE					
Base funding	8,830,261	1,943,348	189,651	726,765	11,690,025
One time				7,000	7,000
Payment funding				2,116,363	2,116,363
Paymaster expense	(122,700)			(1,826,552)	(1,949,252)
	8,707,561	1,943,348	189,651	1,023,576	11,864,136
Other	247,556				247,556
Interest	26,408			10,649	37,057
	8,981,525	1,943,348	189,651	1,034,225	12,148,749
EXPENDITURES					
Computers, furniture and equipment	260,931	54,458	2,405	8,282	326,076
Insurance	26,872	5,745		1,342	33,959
Medical supplies	63,502	3,673		412	67,587
Occupancy	889,493	68,492	6,994	34,626	999,605
Office	352,139	54,603	3,464	27,988	438,194
Professional development	38,753	13,708	2,113	74,746	129,320
Professional fees	2,177				2,177
Program	5,978	349	215	29,660	36,202
Purchased services	44,224	7,051			51,275
Salaries and benefits	6,901,161	1,661,698	174,171	506,586	9,243,616
Travel	85,781	19,268	289	8,054	113,392
	8,671,011	1,889,045	189,651	691,696	11,441,403
REVENUE OVER EXPENDITURES					
BEFORE REALLOCATION	310,514	54,303		342,529	707,346
REALLOCATION OF SURPLUS	54,303	(54,303)			
REVENUE OVER EXPENDITURES	364,817			342,529	707,346