

Financial Statements of

**WINDSOR ESSEX
COMMUNITY HEALTH
CENTRE**

And Independent Auditor's Report thereon

Year ended March 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Windsor Essex Community Health Centre

Opinion

We have audited the financial statements of Windsor Essex Community Health Centre (the Entity), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of revenue and expenditures for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024 and its results of operations, its changes in fund balances 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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.



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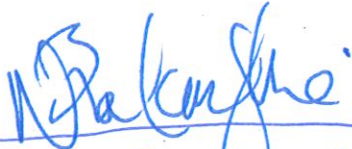
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, 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.


KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

June 26, 2024


Nancy Brockenshire, Executive Director


Justine Taylor, Board Chair

WINDSOR ESSEX COMMUNITY HEALTH CENTRE

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	Operating Fund	Centre Fund	2024 Total	2023 Total
Assets				
Current assets:				
Cash	\$ 2,706,750	\$ 565,230	\$ 3,271,980	\$ 4,590,841
Trade receivable	310,951	4,800	315,751	7,760
HST recoverable	95,265	-	95,265	127,592
Prepaid expenses	247,694	1,800	249,494	215,891
Interfund balances (note 2)	7,702	(7,702)	-	-
Investments (note 3)	-	1,266,696	1,266,696	1,208,875
	3,368,362	1,830,824	5,199,186	6,150,959
Tangible capital assets (note 4)	3,121,826	-	3,121,826	3,347,233
	\$ 6,490,188	\$ 1,830,824	\$ 8,321,012	\$ 9,498,192

Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities	\$ 847,732	\$ 3,913	\$ 851,645	\$ 1,401,162
Due to Ministry of Health	2,732,738	-	2,732,738	3,171,319
	3,580,470	3,913	3,584,383	4,572,481
Deferred contributions (note 9)	2,911,805	-	2,911,805	3,149,763
Deferred capital contributions	-	3,883	3,883	4,883
	6,492,275	7,796	6,500,071	7,727,127
Fund balances	(2,087)	1,823,028	1,820,941	1,771,065
	\$ 6,490,188	\$ 1,830,824	\$ 8,321,012	\$ 9,498,192

See accompanying notes to financial statements.

WINDSOR ESSEX COMMUNITY HEALTH CENTRE

Statement of Revenue and Expenditures

Year ended March 31, 2024, with comparative information for 2023

	Operating Fund	Centre Fund	2024 Total	2023 Total
Revenue:				
Ministry of Health	\$ 17,924,218	\$ -	\$ 17,924,218	\$ 19,702,668
Interest income	259,725	-	259,725	170,284
Ministry of Children, Community, and Social Services	202,279	-	202,279	192,579
Maryvale	-	86,114	86,114	86,114
Donations and fundraising	-	92,810	92,810	42,558
Other community funding	737,800	9,043	746,843	1,071,558
Unrealized (loss) gains on investments	-	57,821	57,821	(13,952)
Amortization of deferred capital contributions	284,494	-	284,494	241,219
	<u>19,408,516</u>	<u>245,788</u>	<u>19,654,304</u>	<u>21,493,028</u>
Expenditures:				
Paymaster expense	776,975	-	776,975	2,679,690
Salaries and benefits	14,396,165	114,973	14,511,138	14,031,802
Computer, furniture and equipment	487,256	-	487,256	417,196
Occupancy	1,089,426	-	1,089,426	1,048,819
Medical supplies	119,424	612	120,036	77,215
Office and general	957,869	26,468	984,337	944,241
Contracted out services	303,525	-	303,525	518,374
Amortization	285,496	23,818	309,314	266,040
Professional fees	373,955	-	373,955	117,933
Program	85,771	-	85,771	94,047
Insurance	81,374	-	81,374	66,760
Professional development	35,253	-	35,253	56,587
Travel	44,673	30,041	74,714	90,360
	<u>19,037,162</u>	<u>195,912</u>	<u>19,233,074</u>	<u>20,409,064</u>
Excess of revenue over expenditures before surplus repayable	371,354	49,876	421,230	1,083,964
Surplus repayable	371,354	-	371,354	1,124,961
Excess (deficiency) of revenue over expenditures	\$ -	\$ 49,876	\$ 49,876	\$ (40,997)

See accompanying notes to financial statements.

WINDSOR ESSEX COMMUNITY HEALTH CENTRE

Statement of Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

	Operating Fund	Centre Fund	2024 Total	2023 Total
Fund balances, beginning of year	\$ (2,087)	\$ 1,773,152	\$ 1,771,065	\$ 1,812,062
Excess (deficiency) of revenue over expenditures	-	49,876	49,876	(40,997)
Fund balances, end of year	\$ (2,087)	\$ 1,823,028	\$ 1,820,941	\$ 1,771,065

See accompanying notes to financial statements.

WINDSOR ESSEX COMMUNITY HEALTH CENTRE

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenditures	\$ 49,876	\$ (40,997)
Items not involving cash:		
Amortization	309,314	266,040
Unrealized loss (gains) on investments	(57,821)	13,952
Amortization of deferred contributions	(284,494)	(241,219)
Changes in non-cash operating working capital:		
Trade receivable	(307,991)	49,356
Prepaid expenses	(33,603)	(77,681)
HST recoverable	32,327	(59,002)
Accounts payable and accrued liabilities	(549,517)	265,994
	(841,909)	176,443
Financing:		
Change in due to Ministry of Health	(438,581)	981,454
Deferred contributions	46,536	160,388
Deferred capital contributions	(1,000)	1,000
	(393,045)	1,142,842
Cash flows from investing activities:		
Purchase of tangible capital assets	(83,907)	(160,388)
Increase (decrease) in cash	(1,318,861)	1,158,897
Cash, beginning of year	4,590,841	3,431,944
Cash, end of year	\$ 3,271,980	\$ 4,590,841

See accompanying notes to financial statements.

WINDSOR ESSEX COMMUNITY HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2024

Nature of operations:

Windsor Essex Community Health Centre (the "Centre"), incorporated without share capital under the laws of Ontario, is a registered charity exempt from income taxes under Section 149(l)(f) of the Income Tax Act of Canada. The Centre 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.

1. Significant accounting policies:

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

(a) Cash:

Cash includes cash on hand and in financial institutions.

(b) Revenue recognition:

The Centre 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 tangible 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.

Dividend income is recognized when the right to receive a dividend has been established.

Other types of revenue are recorded in the period in which they are earned and measurement and collectability is reasonably assured.

WINDSOR ESSEX COMMUNITY HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(c) Donated services:

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

(d) Fund accounting:

In accordance with the practice common to similar organizations, the Centre 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.

(e) 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 Ontario Health (formally known as Local Health Integration Network (LHIN)) in accordance with budget arrangements established by the MOHLTC are reported in the Operating Fund. The Centre is the transfer payment agency for the Ontario Midwifery Program and the Southwest Ontario Aboriginal Health Access Centre.

(f) 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 Centre to provide additional funding for the required expenditures.

WINDSOR ESSEX COMMUNITY HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(g) Financial instruments in arm's length transactions:

The Centre considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Centre accounts for the following as financial instruments:

- Cash
- Accounts receivable
- Investments
- Accounts payable and accrued liabilities
- Due to Ministry of Health

A financial asset or liability is recognized when the Centre becomes party to contractual provisions of the instrument.

Financial assets or liabilities are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

The Centre subsequently measures its financial assets and financial liabilities at amortized cost, except for equity securities quoted in an active market, which are subsequently measured at fair value.

A financial asset measured at cost or amortized cost are tested for impairment when there are indicators of impairment. Impairment losses are recognized in the statement of operations. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in excess (deficiency) of revenue over expenditures.

The Centre removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

WINDSOR ESSEX COMMUNITY HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(h) 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.

Items subject to significant management estimates include valuation of allowances for accounts receivable and useful lives of property, plant and equipment. Actual results could differ from those estimates.

(i) Employee future benefits:

Employees of the Centre 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 Centre has insufficient information to apply defined benefit plan accounting standards.

(j) Tangible capital assets:

Purchased tangible 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 tangible capital asset no longer contributes to the organization's ability to provide service, its carrying amount is written down to its residual value.

The cost of the tangible capital assets with a finite life is amortized over its estimated life/useful life in a systematic manner appropriate to the nature of that item and its use by the Centre. Accordingly, the Centre uses the straight-line method whereby a fixed amount is periodically amortized into excess (deficiency) of revenue over expenditures over the asset's respective life/useful life.

WINDSOR ESSEX COMMUNITY HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(j) Tangible capital assets (continued):

The following rates applied on a straight line will apply the cost over the estimated useful lives of tangible capital assets:

Asset	Basis	Rate
Office furniture and equipment	Straight-line	5 years
Computer equipment	Straight-line	3 years
Leasehold improvements	Straight-line	5 to 10 years
Medical equipment	Straight-line	3 years

The carrying amount of an item of property, plant and equipment is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(k) Allocation of expenses:

The Centre allocates certain of its fundraising and general support expenses based on budget. Costs relating to specific programs in the Operating fund and 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.

2. Interfund balances:

Interfund amounts receivable/payable bear no interest and are not governed by terms of repayment.

3. Investments:

	2024	2023
Mutual funds and marketable securities	\$ 1,266,696	\$ 1,208,875

WINDSOR ESSEX COMMUNITY HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Tangible capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 543,403	\$ 538,013	\$ 5,390	-
Leasehold improvements	4,887,583	1,961,327	2,926,256	3,189,570
Office furniture and equipment	1,404,389	1,261,088	143,301	157,663
Medical equipment	100,582	53,703	46,879	-
	\$ 6,935,957	\$ 3,814,131	\$ 3,121,826	\$ 3,347,233

5. Operating line of credit:

The Centre has an operating line of credit with RBC up to an amount of \$225,000 at an annual interest rate of prime plus 0.400%, secured by a general security agreement. As of March 31, 2024, the credit facility was not in use.

6. Commitments:

The Centre has entered into lease commitments for its premises and additional services. Total commitments for the next five years are as follows:

2024	\$ 680,071
2025	680,071
2026	549,854
2027	536,636
2028	536,636
	\$ 2,983,268

7. Economic dependence:

Approximately 91% (2023 - 93%) of the Centre's funding was received from the Ministry of Health.

WINDSOR ESSEX COMMUNITY HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Financial risks and concentration of risk:

The company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Centre's risk exposure as of March 31, 2024:

(a) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Centre's investments include equity securities whose value is exposed to fluctuations in the market. No significant change in risk from 2023.

(b) Interest rate risk:

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Centre is exposed to interest rate risk primarily through its line of credit which is at a variable prime rate. No significant change in risk from 2023.

9. Deferred contributions:

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.

	2024	2023
Opening balance	\$ 3,149,763	\$ 3,230,594
Funding used for the purchase of property and equipment	46,536	160,388
Amounts amortized to revenue	(284,494)	(241,219)
Closing balance	\$ 2,911,805	\$ 3,149,763