

BROCK COMMUNITY HEALTH CENTRE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

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INDEPENDENT AUDITOR'S REPORT

**To the Members of:
Brock Community Health Centre**

Qualified Opinion

We have audited the financial statements of Brock Community Health Centre (the Brock Community Health Centre), which comprise the statement of financial position as at March 31, 2024 and the statements of operations, changes in net assets and cash flows for the years then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Brock Community Health Centre as at March 31, 2024 and the results of its operations and its cash flows for the years then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Brock Community Health Centre derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Brock Community Health Centre. Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years.

We conducted our audits 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 report. We are independent of the Brock Community Health Centre in accordance with the ethical requirements that are relevant to our audits 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 qualified 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.

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

Those charged with governance are responsible for overseeing the Brock Community Health Centre'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 these 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 Brock Community Health Centre'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 Brock Community Health Centre’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 Brock Community Health Centre to cease to continue as a going concern.**
- **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.**

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**June 20, 2024
Oshawa, Ontario**

**Chartered Professional Accountants
Licensed Public Accountants**

BROCK COMMUNITY HEALTH CENTRE

(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE LAWS OF ONTARIO)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------------------------|---------------------|---------------------|
| <u>ASSETS</u> | | |
| Current | | |
| Cash and cash equivalents (Note 3) | \$ 3,157,918 | \$ 1,859,612 |
| Accounts receivable | 442,956 | 341,519 |
| Prepaid expenses | 102,331 | 67,781 |
| | <u>3,703,205</u> | <u>2,268,912</u> |
| Capital (Note 4) | 12,851,963 | 7,105,420 |
| | <u>\$16,555,168</u> | <u>\$ 9,374,332</u> |
| <u>LIABILITIES</u> | | |
| Current | | |
| Accounts payable | \$ 600,148 | \$ 151,009 |
| Due to Ministry of Health/Ontario Health East (Note 7) | 592,338 | 471,335 |
| Deferred revenue MOH funds (Note 5) | 1,905,965 | 1,134,379 |
| Deferred revenue (Note 6) | 592,486 | 499,921 |
| | <u>3,690,937</u> | <u>2,256,644</u> |
| <u>NET ASSETS</u> | | |
| Invested in Capital Assets (Note 8) | 12,851,963 | 7,105,420 |
| Unrestricted | 12,268 | 12,268 |
| | <u>12,864,231</u> | <u>7,117,688</u> |
| | <u>\$16,555,168</u> | <u>\$ 9,374,332</u> |

Approved by the Board of Directors:

BROCK COMMUNITY HEALTH CENTRE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2024

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------------------------------|----------------------------|----------------------------|
| Revenue | | |
| Ontario Health East (Note 7) | \$ 4,265,843 | \$ 4,123,006 |
| Ontario Health East - Other funding (Note 7) | - | 168,200 |
| MOH - Capital funding | 5,363,980 | 5,072,891 |
| Donations | - | 600 |
| Other revenue | 4,168 | 117,102 |
| | <u>9,633,991</u> | <u>9,481,799</u> |
| Expenses | | |
| Advertising, promotion and education | 4,294 | 14,710 |
| Amortization | 43,806 | 38,087 |
| Bank charges and interest | 101 | 518 |
| Board governance, AGM and strategic planning | 1,612 | 1,238 |
| Computer supplies and maintenance | 95,785 | 217,888 |
| Consultation services | 4,511 | 74,976 |
| Fees and memberships | 16,772 | 17,058 |
| Furniture and equipment | 3,366 | 93,164 |
| Insurance | 11,645 | 12,371 |
| Medical supplies | 24,357 | 30,100 |
| Meeting expenses | 2,840 | 3,808 |
| Occupancy | 109,365 | 111,465 |
| Office and general | 28,886 | 30,805 |
| Printing and photocopying | 9,907 | 7,894 |
| Professional fees | 11,478 | 30,655 |
| Recruitment | - | 204 |
| Repairs and maintenance | 51,377 | 42,914 |
| Resource materials and program costs | 40,088 | 107,300 |
| Salaries and benefits | 3,256,895 | 3,347,956 |
| Telephone | 12,722 | 16,126 |
| Travel and accommodation | 12,099 | 10,516 |
| Website and internet | 24,539 | 35,148 |
| | <u>3,766,445</u> | <u>4,244,901</u> |
| Earnings before amount refundable | <u>5,867,546</u> | <u>5,236,898</u> |
| Amount refundable to MOH/Ontario Health East (Note 7) | | |
| Ontario Health East Other (Mental Health Funding) refundable | - | 90,736 |
| Ontario Health East refundable | 121,003 | 73,573 |
| | <u>121,003</u> | <u>164,309</u> |
| EXCESS OF REVENUE OVER EXPENSES | <u><u>\$ 5,746,543</u></u> | <u><u>\$ 5,072,589</u></u> |

BROCK COMMUNITY HEALTH CENTRE

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2024

| | <u>Invested in Capital Assets</u> | <u>Operating</u> | <u>2024</u> | <u>2023</u> |
|---------------------------------------------------------------------|--------------------------------------------------|-------------------------|---------------------|---------------------|
| Opening balance | \$ 7,105,420 | \$ 12,268 | \$ 7,117,688 | \$ 2,045,099 |
| Excess of revenue over expenses (expenses over revenue) (Note 8) | (43,806) | 5,790,349 | 5,746,543 | 5,072,589 |
| - capital (Note 8) | 5,790,349 | (5,790,349) | - | - |
| Closing balance | <u>\$12,851,963</u> | <u>\$ 12,268</u> | <u>\$12,864,231</u> | <u>\$ 7,117,688</u> |

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BROCK COMMUNITY HEALTH CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2024

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Operating Activities | | |
| Excess of revenue over expenses (expenses over revenue) | \$ 5,746,543 | \$ 5,072,589 |
| Amortization | 43,806 | 38,087 |
| Net change in non-cash working capital balances related to operations (Note 14) | 1,298,306 | (1,229,768) |
| | <u>7,088,655</u> | <u>3,880,908</u> |
| Investing Activities | | |
| Additions to capital assets | (5,790,349) | (5,110,076) |
| Change in Cash and Cash Equivalents During the Year | 1,298,306 | (1,229,168) |
| Cash and Cash Equivalents at Beginning of Year | 1,859,612 | 3,088,780 |
| Cash and Cash Equivalents at End of Year (Note 3) | <u><u>\$ 3,157,918</u></u> | <u><u>\$ 1,859,612</u></u> |

BROCK COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

1. Status and Nature of Activities

Brock Community Health Centre is a non-profit corporation whose purpose is to operate a community health care centre by providing medical health and support services for the general public. The organization was incorporated without share capital under the laws of Ontario on September 12, 2002 and is exempt from income tax. Effective November 14, 2016, the organization became a registered charity under the Income Tax Act and accordingly is exempt from income taxes providing certain requirements under the Income Tax Act are met.

2. Significant Accounting Policies

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies:

(a) Revenue Recognition

The organization follows the deferral method of accounting for contributions. Deferred contributions are recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government funding is recognized according to the contract. Certain revenues are received during the year for events or programs to be completed in the next fiscal year. These revenues are deferred to the next year's operations.

Pledged donations are not recorded until received.

(b) Contributed Services

The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

Contributed materials and services are recorded at fair market value when fair value can be reasonably estimated and these services and materials are used in the normal course of the organization's operations and would otherwise be purchased.

BROCK COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

2. Significant Accounting Policies (continued)

(c) Capital Assets

Capital assets are recorded at cost and amortized over their estimated useful lives using the following annual rates:

| | |
|--------------------|-----------------------|
| Equipment | 20% declining balance |
| Medical equipment | 20% declining balance |
| Computer equipment | 20% declining balance |

Property under development will not be amortized until it is substantially available for use

(d) 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results may differ from those estimates.

(e) Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets at fair value.

The organization subsequently measures all its financial assets and financial 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 net income.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and Due to Ministry of Health/Ontario Health East.

The organization has no financial assets measured at fair value.

BROCK COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

2. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

Impairment

Financial assets measured at cost are tested for impairment annually. The amount of the write-down is recognized in net income. The 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.

Transaction costs

The organization recognizes its transaction costs in net income in the period 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.

(f) Pension Plan

Defined contribution accounting is applied for the Healthcare of Ontario Pension Plan ("HOOPP"), a multi-employer pension plan, whereby contributions are expensed when due, as Brock Community Health Centre has insufficient information to apply defined benefit plan accounting.

3. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------|-----------------------------|-----------------------------|
| Operating account (See Note 1 below) | \$ 667,204 | \$ 231,083 |
| Capital account - MOH funding | 1,905,965 | 1,134,379 |
| Capital campaign account | 584,749 | 494,150 |
| | <u> </u> | <u> </u> |
| | <u>\$ 3,157,918</u> | <u>\$1,859,612</u> |

Note 1 - Included in the operating account is the deferred revenue to be spent on specific functional centres of \$7,737 (\$5,771 - 2023).

BROCK COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

4. Capital Assets

Capital assets are stated as follows:

| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>2024 Net</u> | <u>2023 Net</u> |
|----------------------------|---------------------|-------------------------------------|---------------------|---------------------|
| Land | \$ 160,909 | \$ - | \$ 160,909 | \$ 160,909 |
| Medical equipment | 228,209 | 123,048 | 105,161 | 131,451 |
| Furniture and equipment | 108,328 | 82,255 | 26,073 | 32,591 |
| Computer equipment | 165,631 | 73,543 | 92,088 | 6,900 |
| Property under Development | 12,467,732 | - | 12,467,732 | 6,773,569 |
| | <u>\$13,130,809</u> | <u>\$ 278,846</u> | <u>\$12,851,963</u> | <u>\$ 7,105,420</u> |

The Project under development at 39 Cameron has been purchased and built with funds provided through the Ministry of Health. Brock Community Health Centre has ownership of the building as per the funding agreement between the Ministry of Health and Brock Community Health Centre. If Brock Community Health Centre wants to cease use or sell the property, per the terms of the funding agreement with Ministry of Health, approval is required and proceeds of the sale are returned to government general revenue.

5. Deferred Revenue -MOH funds

Deferred revenue represents funding that has been received from Ministry of Health (MOH). Deferred revenue is comprised as follows:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------------|---------------------|---------------------|
| MOH - Capital Funds - Opening balance | \$ 1,134,379 | \$ 2,072,737 |
| Deferred interest earned on capital funds | 32,115 | 13,227 |
| Capital funds received during the year | 6,103,451 | 4,121,306 |
| Transferred to revenue in the current year | (5,363,980) | (5,072,891) |
| | <u>\$ 1,905,965</u> | <u>\$ 1,134,379</u> |

BROCK COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

6. Deferred Revenue

Deferred revenue represents charitable donations received for the Capital Project and Programming which will be utilized in a subsequent year. Deferred revenue is comprised as follows:

| | <u>2024</u> | <u>2023</u> |
|---------------------------|-------------------|-------------------|
| Capital project donations | \$ 584,749 | \$ 494,150 |
| Programming | 7,737 | 5,771 |
| | <u> </u> | <u> </u> |
| | <u>\$ 592,486</u> | <u>\$ 499,921</u> |

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BROCK COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

7. Due to the Ministry of Health (MOH)/Ontario Health East

Under the terms of the funding agreement for the Diabetes Program and Community Health Centre, the organization is required to repay to MOH/Ontario Health East (OHE) any excess of revenue over expenses of the Diabetes Program and Community Health Centre.

| | <u>2024</u> | <u>2023</u> |
|-----------------------------------------------|--------------|--------------|
| Total MOH/Ontario Health East funding | \$ 4,265,843 | \$ 4,123,006 |
| Deduct: Expenses eligible for MOH/OHE funding | (4,144,840) | (4,049,433) |
| Total MOH special Mental Health funding | - | 168,200 |
| Deduct: Expenses eligible for MOH/OHE funding | - | (77,464) |
| | <hr/> | <hr/> |
| | 121,003 | 164,309 |
| Amounts still to be recovered from prior year | 471,335 | 307,026 |
| | <hr/> | <hr/> |
| Due to MOH/OHE | \$ 592,338 | \$ 471,335 |
| | <hr/> <hr/> | <hr/> <hr/> |

Each fiscal year, the organization is required to perform a year-end reconciliation to determine any amounts repayable to, or recoverable from, MOH/OHE in accordance with the operating agreement. As at the Auditors' report date, the fiscal years ending March 31, 2021 to March 31, 2024 have not been reviewed by MOH/OHE, and as a result, future adjustments may be required as a result of this review. Comparative figures are not restated when these adjustments are made.

BROCK COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

8. Invested in Capital Assets

(a) Invested in capital assets is calculated as follows:

| | <u>2024</u> | <u>2023</u> |
|-----------------------------|-----------------------------|-----------------------------|
| Capital Assets (see Note 4) | \$12,851,963 | \$ 7,105,420 |
| | <u> </u> | <u> </u> |

(b) Change in net assets invested in capital assets is calculated as follows and is reported on the Statement of Changes in Net Assets:

| | <u>2024</u> | <u>2023</u> |
|-----------------------------------------------------------|-----------------------------|-----------------------------|
| Excess of Revenues Over Expenses (Expenses Over Revenues) | | |
| Less: Amortization of capital assets | \$ (43,806) | \$ (38,087) |
| | <u> </u> | <u> </u> |
| Net Change in Invested in Capital Assets | | |
| Additions to capital assets | \$5,790,349 | \$5,110,076 |
| | <u> </u> | <u> </u> |

BROCK COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

9. Financial Instruments

Risks and concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at March 31, 2024.

Credit risk

Credit risk arises from the potential that counterparties including clients will fail to perform their obligations. The organization is subject to credit risk through its receivables. Account monitoring procedures are utilized to minimize risk of loss.

Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The organization is subject to interest rate risk through their investments. The organization has formal policies and procedures that establish target asset mix.

Liquidity risk

Liquidity risk is defined as the risk that the organization may not be able to settle or meet its obligations as they become due. The organization has taken steps to ensure that it will have sufficient working capital available to meet its obligations.

10. Pension Plan

Substantially all of the employees of Brock Community Health Centre are members of HOOPP which is a multi-employer, defined benefit, final average earnings, contributory pension plan. HOOPP is accounted for as a defined contribution plan. Brock Community Health Centre's contributions to HOOPP during the year amounted to \$244,562 (2023 - \$257,169). These amounts are included in salaries and benefits in the statement of operations. The most recent valuation for financial reporting purposes completed by HOOPP as of December 31, 2023 disclosed net assets available for benefits of \$112,635 million with pension obligations of \$102,454 million, resulting in a surplus of \$10,181 million.

BROCK COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

11. Commitments

The organization is committed to the following:

a) Annual amounts under lease agreements with respect to premises as follows:

| | |
|------|--------------------------------|
| 2025 | \$67,020 plus applicable taxes |
| 2026 | \$34,813 plus applicable taxes |
| 2027 | \$29,061 plus applicable taxes |

b) The organization entered into an agreement with a construction management company and an architect firm for the construction of the new facility at 39 Cameron Street West, Cannington. The estimated cost of the project is \$14,547,528 with an estimated cost to complete of \$4,529,482 as at March 31, 2024. Payments are on a monthly basis as the scope of work is completed.

c) Annual amounts under agreements with respect to cellular services, internet services and elevator maintenance are as follows:

| | |
|------|--------------------------------|
| 2025 | \$18,924 plus applicable taxes |
| 2026 | \$41,964 plus applicable taxes |
| 2027 | \$41,964 plus applicable taxes |
| 2028 | \$30,012 plus applicable taxes |
| 2029 | \$30,012 plus applicable taxes |

12. Contingent Liabilities

The organization is subject to various claims and potential claims in connection with operations. Where the potential liability is able to be estimated, management believes that the ultimate disposition of the matters will not materially exceed the amounts recorded in the accounts. Any additional losses related to claims will be recorded in the year during which the liability is able to be estimated or adjustments to the amount recorded are determined to be required.

BROCK COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

13. Economic Dependence

In common with other publicly funded agencies, the organization derives the majority of its revenue from the Province of Ontario, through the Ministry of Health and the Ontario Health East.

14. Cash provided from (used for) working capital

Cash otherwise available from operating activities is influenced by increases or decreases in the following items:

| | <u>2024</u> | <u>2023</u> |
|---------------------|---------------------|-----------------------|
| Accounts receivable | \$ (101,437) | \$ (267,698) |
| Prepaid expenses | (34,550) | (21,162) |
| Deferred revenue | 864,151 | (688,296) |
| Due to MOH/OHE | 121,003 | (197,769) |
| Accounts payable | 449,139 | (54,843) |
| | <u>\$ 1,298,306</u> | <u>\$ (1,229,768)</u> |