

**Vaughan Community Health Centre Corporation**  
**Financial Statements**  
**For the Year Ended March 31, 2021**

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## Independent Auditor's Report

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**To the Board of Directors of Vaughan Community Health Centre Corporation**

### **Opinion**

We have audited the financial statements of Vaughan Community Health Centre Corporation (the Organization), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, and its results of operations 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 report. We are independent of the Organization 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 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.

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

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

*BDO Canada LLP*


Chartered Professional Accountants, Licensed Public Accountants

June 10, 2021  
Newmarket, Ontario

## Vaughan Community Health Centre Corporation Statement of Financial Position

March 31	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash - internally restricted	\$ 52,968	\$ 50,106
- externally restricted	923,257	457,445
Accounts receivable (Note 5)	213,325	130,505
Prepaid expenses	39,538	59,289
	1,229,088	697,345
<b>Tangible capital assets (Note 6)</b>	<b>363,122</b>	<b>454,275</b>
	<b>\$ 1,592,210</b>	<b>\$ 1,151,620</b>
<b>Liabilities and Fund Balances</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 532,183	\$ 440,728
Due to Central Local Health Integration Network (CLHIN) - Core operations (Note 2)	560,236	133,171
Due to CLHIN - Diabetes Education Program (Note 3)	51,101	11,422
Due to other funders	2,365	2,365
Deferred revenue	24,984	21,870
Current portion of obligations under capital lease (Note 7)	3,778	31,925
	1,174,647	641,481
<b>Obligations under capital lease (Note 7)</b>	<b>-</b>	<b>3,986</b>
	<b>1,174,647</b>	<b>645,467</b>
<b>Commitments (Note 9)</b>		
<b>Fund Balances</b>		
Capital Assets Fund	363,122	454,275
Growth and Development Fund	54,441	51,878
	417,563	506,153
	<b>\$ 1,592,210</b>	<b>\$ 1,151,620</b>

On behalf of the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**Vaughan Community Health Centre Corporation**  
**Statement of Changes in Fund Balances**

<b>For the year ended March 31</b>	<b>Core Operations Fund</b>	<b>Capital Assets Fund</b>	<b>Growth and Development Fund</b>	<b>2021 Total</b>	<b>2020 Total</b>
Balance, beginning of the year	\$ -	\$ 454,275	\$ 51,878	\$ 506,153	\$ 620,653
Excess (deficiency) of revenues over expenses	-	(91,153)	2,563	(88,590)	(114,500)
Additions to tangible capital assets	-	-	-	-	-
<b>Balance, end of the year</b>	<b>\$ -</b>	<b>\$ 363,122</b>	<b>\$ 54,441</b>	<b>\$ 417,563</b>	<b>\$ 506,153</b>

The accompanying notes are an integral part of these financial statements.

## Vaughan Community Health Centre Corporation Statement of Operations

For the year ended March 31	Core Operations Fund	Diabetes Education Program Fund	COPD Fund	Northern York Region Fund	Other Externally Restricted Funds (Note 4)	Capital Assets Fund	Total Restricted Funds	Growth and Development Fund	2021 Total	2020 Total
<b>Revenue</b>										
CLHIN	\$ 5,331,585	\$ 934,603	\$ 213,399	\$ 715,648	\$ -	\$ -	\$ 7,195,235	\$ -	\$ 7,195,235	\$ 6,568,532
Miscellaneous	82,179	-	-	-	50,453	-	132,632	2,563	135,195	122,523
	<u>5,413,764</u>	<u>934,603</u>	<u>213,399</u>	<u>715,648</u>	<u>50,453</u>	<u>-</u>	<u>7,327,867</u>	<u>2,563</u>	<u>7,330,430</u>	<u>6,691,055</u>
<b>Expenses</b>										
Salaries, benefits and relief	3,540,714	842,511	170,348	538,282	19,082	-	5,110,937	-	5,110,937	4,583,582
General and operating	1,070,865	90,030	15,051	117,516	31,371	-	1,324,833	-	1,324,833	1,278,566
Occupancy costs	731,447	-	-	59,850	-	-	791,297	-	791,297	785,284
Medical supplies	70,738	2,062	28,000	-	-	-	100,800	-	100,800	38,105
Amortization	-	-	-	-	-	91,153	91,153	-	91,153	120,018
	<u>5,413,764</u>	<u>934,603</u>	<u>213,399</u>	<u>715,648</u>	<u>50,453</u>	<u>91,153</u>	<u>7,419,020</u>	<u>-</u>	<u>7,419,020</u>	<u>6,805,555</u>
<b>Excess (deficiency) of revenues over expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (91,153)	\$ (91,153)	\$ 2,563	\$ (88,590)	\$ (114,500)

The accompanying notes are an integral part of these financial statements.

## Vaughan Community Health Centre Corporation Statement of Cash Flows

For the year ended March 31	2021	2020
<b>Cash flows from operating activities</b>		
Deficiency of revenues over expenses	\$ (88,590)	\$ (114,500)
Items not affecting cash:		
Amortization of tangible capital assets	91,153	120,018
	<u>2,563</u>	5,518
Changes in non-cash working capital:		
Accounts receivable	(82,820)	(17,538)
Prepaid expenses	19,751	(22,073)
Accounts payable and accrued liabilities	91,455	39,795
Due to CLHIN - Core operations	427,065	47,758
Due to CLHIN - Diabetes Education Program	39,679	(29,569)
Deferred revenue	3,114	21,870
	<u>500,807</u>	45,761
<b>Cash flows from investing activities</b>		
Additions of tangible capital assets	-	(839)
<b>Cash flows from financing activities</b>		
Payments for obligations under capital lease	(32,133)	(38,569)
<b>Net increase in cash</b>	<b>468,674</b>	<b>6,353</b>
<b>Cash, beginning of the year</b>	<b>507,551</b>	<b>501,198</b>
<b>Cash, end of the year</b>	<b>\$ 976,225</b>	<b>\$ 507,551</b>
<b>Represented by:</b>		
Cash - internally restricted	\$ 52,968	\$ 50,106
- externally restricted	923,257	457,445
	<u>\$ 976,225</u>	<u>\$ 507,551</u>

The accompanying notes are an integral part of these financial statements.

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# Vaughan Community Health Centre Corporation

## Notes to Financial Statements

March 31, 2021

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### 1 . Significant Accounting Policies

#### **Nature and Purpose of Organization**

The Vaughan Community Health Centre Corporation (the "Community Health Centre") is a not-for-profit organization incorporated on August 17, 2006 with the Ministry of Consumer and Business Services of Ontario.

The objectives of the Community Health Centre are:

(a) to provide primary health care, health promotion, illness prevention services and community development services which focus on hard to reach groups and populations.

(b) to promote equity in access to health services and to strengthen the role of the individual and the community in health and health care delivery; and

(c) to encourage linkages among health services and with social and other community services.

The strategic directions for 2019-2023 are:

- (a) Facilitate positive impact on health outcomes
- (b) Ensure timely access to services and resources
- (c) Ensure quality and efficiency

The Community Health Centre receives 98% (2020 - 98%) of its funding from the Central Local Health Integration Network (CLHIN).

The Community Health Centre is registered under the Charities Act as of April 1, 2009 and, as such, is exempt from income taxes.

#### **Basis of Accounting**

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.



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# Vaughan Community Health Centre Corporation

## Notes to Financial Statements

March 31, 2021

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### 1. Significant Accounting Policies (continued)

#### Fund Accounting

The Community Health Centre follows the restricted fund method of accounting for contributions.

The Core Operations Fund, Diabetes Education Program Fund, COPD Fund, Canada Summer Jobs Fund and Northern York Region Fund for the Community Health Centre's program delivery and administrative activities. These funds report restricted resources and restricted operating grants.

The Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the Community Health Centre's tangible capital assets.

The Growth and Development Fund accounts for the Community Health Centre's internally restricted resources and internally restricted contributions.

#### Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as revenue of the Core Operations Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the Growth and Development Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted net investment income is recognized as revenue of the Core Operations Fund when earned.

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# Vaughan Community Health Centre Corporation

## Notes to Financial Statements

March 31, 2021

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### 1. Significant Accounting Policies (continued)

#### Financial Instruments

Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market are reported at fair value, with any change in fair value reported in operations. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in operations. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in operations.

The Community Health Centre's financial instruments consist of cash which is recorded at fair value and accounts receivable, accounts payable and accrued liabilities and due to CLHIN are recorded at amortized cost.

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# Vaughan Community Health Centre Corporation

## Notes to Financial Statements

March 31, 2021

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### 1. Significant Accounting Policies (continued)

**Tangible Capital Assets** Tangible capital assets are stated at cost less accumulated amortization.

Amortization based on the estimated useful life of the asset is calculated as follows:

	<b>Method</b>	<b>Rate</b>
Leasehold improvements	Straight-line	Term of lease
Artwork	Declining balance	10%
Office furniture and equipment	Declining balance	20%
Medical equipment	Declining balance	20%
Computer equipment	Declining balance	55%
Computer software	Declining balance	100%

Amortization expense is reported in the Capital Assets Fund.

When a tangible capital asset no longer has any long-term service potential to the Community Health Centre, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

When a tangible capital asset is disposed of, the difference between the net proceeds on disposition and the net carrying amount is recognized in the statement of operations.

#### **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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year ended. The principal estimate used in the preparation of these financial statements is the estimate of useful life of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### **Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

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## Vaughan Community Health Centre Corporation Notes to Financial Statements

March 31, 2021

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### 2. Core Operations

The core operations are funded by the CLHIN for the Community Health Centre's day-to-day operations. These operations include primary care, system navigation as well as various supports for the promotion of health and exercise. Any funding unspent at the end of the year and the interest received on these funds is refundable to the CLHIN.

	2021	2020
Approved funding	\$ 5,805,857	\$ 4,696,194
Less: Expenses eligible for program funding	5,413,764	4,706,655
Excess (deficiency) of expenses over funding for the year	392,093	(10,461)
Add: Other income, including interest	82,179	97,264
Less: Tangible capital assets transferred to Capital Assets Fund	-	(839)
	\$ 474,272	\$ 85,964
2018/2019	\$ -	\$ 47,207
2019/2020	85,964	85,964
2020/2021	474,272	-
	\$ 560,236	\$ 133,171

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### 3. Diabetes Education Program

The Diabetes Education Program, funded by CLHIN, provides community based diabetes education services as well as individual assessment and follow-up support to adults with diabetes. Any unspent funding at the end of the year and the interest received on these funds is refundable to the CLHIN.

	2021	2020
Approved funding	\$ 981,497	\$ 967,220
Less: Expenses eligible for program funding	934,603	963,013
Excess of expenses over funding for the year	\$ 46,894	\$ 4,207
2018/2019	\$ -	\$ 7,215
2019/2020	4,207	4,207
2020/2021	46,894	-
	\$ 51,101	\$ 11,422

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## Vaughan Community Health Centre Corporation Notes to Financial Statements

March 31, 2021

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#### 4. Other Programs

##### Externally Restricted:

(a) Canada Summer Jobs Program

Funded by the Ministry of Employment and Social Development, the program is designed to create summer job opportunities for young people who are full-time students intending to return to their studies in the next school year.

(b) COVID-19 Fund

Funded in part by TD Bank and the Food Network, the fund is designed to provide assistance for food related expenses for clientele impacted by the effects of COVID-19.

(c) New Horizons Let's Dance Fund

Fund is administrated by the Ministry of Employment and Social Development, the program is designed to engage seniors within the community through various activities. The fund is used specifically for the Community Health Centre's Keswick location.

##### Internally Restricted:

Growth and Development Fund

The Growth and Development Fund includes funding internally restricted by the Community Health Centre to be used for special projects and programs for which alternative funding is not available.

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#### 5. Accounts Receivable

	<u>2021</u>	<u>2020</u>
Harmonized sales tax receivable	\$ 163,042	\$ 96,683
Receivable from other community programs	50,283	33,822
	<u>\$ 213,325</u>	<u>\$ 130,505</u>

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**Vaughan Community Health Centre Corporation**  
**Notes to Financial Statements**

March 31, 2021

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**6. Tangible Capital Assets**

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements	\$ 2,006,895	\$ 1,768,858	\$ 2,006,895	\$ 1,720,443
Artwork	13,850	10,134	13,850	9,721
Office furniture and equipment	425,487	382,488	425,487	371,739
Medical equipment	307,639	267,312	307,639	257,231
Computer equipment	420,629	417,211	420,629	413,025
Computer equipment under capital lease	112,181	77,556	112,174	60,240
	<b>3,286,681</b>	<b>2,923,559</b>	<b>3,286,674</b>	<b>2,832,399</b>
Net Book Value		<b>\$ 363,122</b>		<b>\$ 454,275</b>

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**7. Obligations Under Capital Lease**

	2021	2020
Obligations under capital lease at the rate of 11.49% maturing September 2021, secured by computer equipment with a carrying value of \$34,632	\$ 3,986	\$ 38,415
Less: additional payments	208	2,504
	<b>3,778</b>	35,911
Current portion of obligations under capital lease	<b>3,778</b>	31,925
	<b>\$ -</b>	<b>\$ 3,986</b>

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## Vaughan Community Health Centre Corporation Notes to Financial Statements

March 31, 2021

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### 8. Pension Plan

HOOPP provides pension services to more than 357,000 active and retired members and approximately 570 employers. Substantially all of the full-time employees and some of the part-time employees of the Community Health Centre are members of HOOPP. The plan is a multi-employer plan and therefore the Community Health Centre's contributions are accounted for as if the plan were a defined contribution plan with the Community Health Centre's contributions being expensed in the period they come due.

Each year, an independent actuary determines the funding status of HOOPP by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date.

The results of the most recent valuation as at December 31, 2020 disclosed a surplus of \$24.1 billion (2019 - \$20.6 billion). The results of this valuation disclosed total liabilities and pension obligations of \$167.6 billion (2019 - \$160.2 billion) in respect of services accrued to December 31, 2020 and a value of actuarial assets at that date of \$191.8 billion (2019 - \$180.8 billion). HOOPP is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario member organizations and their employees. As a result, the Community Health Centre does not recognize any share of the HOOPP surplus or deficit. Contributions made by the Community Health Centre to HOOPP during the year amounted to \$409,943 (2020 - \$320,938).

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### 9. Commitments

The Community Health Centre is committed to the following minimum annual lease payments under operating leases for its premises and equipment for the next three years:

2022	\$ 363,992
2023	376,193
2024	<u>351,040</u>
	<u>\$ 1,091,225</u>

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### 10. Bank Credit Facility

The Community Health Centre has an available credit facility of \$800,000 (2020 - \$800,000) that bears interest at the Royal Bank prime rate minus 0.25% and is secured by a general security agreement. No amounts have been drawn from the credit facility during the 2021 fiscal year. As of March 31, 2021, the Community Health Centre did not have an outstanding balance on the line of credit (2020 - \$Nil).

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# Vaughan Community Health Centre Corporation

## Notes to Financial Statements

March 31, 2021

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### 11. Financial Instruments

#### 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 Community Health Centre's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The majority of the Community Health Centre's receivables are from government sources and the Community Health Centre works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

There have not been any changes in the risk from the prior year.

#### Liquidity risk

Liquidity risk is the risk that the Community Health Centre will encounter difficulty in meeting its obligations associated with financial liabilities. The Community Health Centre is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and obligations under capital lease.

The Community Health Centre's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Community Health Centre maintains sufficient cash flows to provide for its obligations, and maintains a credit facility sufficient to cover its obligations.

There have not been any changes in the risk from the prior year.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Community Health Centre is exposed to interest rate risk primarily due to its credit facility.

The Community Health Centre mitigates interest rate risk on its credit facility by limiting the durations of any potential withdrawal on the facility.

There have not been any changes in the risk from the prior year.

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### 12. Impact of COVID-19

In March 2020, the World Health Organization declared a global pandemic due to COVID-19. The situation is constantly evolving, and the measures put in place are having a significant impact on economic and social matters. Management is closely monitoring the situation and evaluating the impact of guidance and regulations implemented by medical and government bodies across the country. The Community Health Centre has put in place increased measures to ensure the safety of staff and clients in the facilities. COVID-19 has resulted in various activities being temporarily reduced due to health regulations. Throughout the year, the Community Health Centre received CEWS to help offset the payroll costs due to COVID-19. Additional funding was secured for one time expenses related to COVID-19. These funds were used to support the safety and well being of staff and clients. As this new information becomes available, management has continued to evaluate the impact on the March 31, 2021 financial statements. As of the date these financial statements were approved, there were no significant changes to the Community Health Centre's operations that would impact the March 31, 2021 financial statements.

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