

Vaughan Community Health Centre Corporation
Financial Statements
For the Year Ended March 31, 2022

Contents

| | |
|---------------------------------------|----------|
| Independent Auditor's Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Changes in Fund Balances | 4 |
| Statement of Operations | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 |



Tel: 705 726 6331
Fax: 705 722 6588
www.bdo.ca

BDO Canada LLP
300 Lakeshore Drive, Suite 300
Barrie, ON, Canada, L4N 0B4

Independent Auditor's Report

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, 2022, 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, 2022, 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

Barrie, Ontario
June 21, 2022

Vaughan Community Health Centre Corporation Statement of Financial Position

| March 31 | 2022 | 2021 |
|---|---------------------|---------------------|
| Assets | | |
| Current | | |
| Cash - internally restricted | \$ 55,159 | \$ 52,968 |
| - externally restricted | 1,281,593 | 923,257 |
| Accounts receivable (Note 5) | 174,961 | 213,325 |
| Prepaid expenses | 38,394 | 39,538 |
| | 1,550,107 | 1,229,088 |
| Tangible capital assets (Note 6) | 292,429 | 363,122 |
| | \$ 1,842,536 | \$ 1,592,210 |
| Liabilities and Fund Balances | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 397,157 | \$ 532,183 |
| Due to Ontario Health - Core Operations (Note 2) | 1,002,846 | 560,236 |
| Due to Ontario Health - Diabetes Education Program (Note 3) | 90,857 | 51,101 |
| Due to other funders | 2,365 | 2,365 |
| Deferred revenue | - | 24,984 |
| Current portion of obligations under capital lease | - | 3,778 |
| | 1,493,225 | 1,174,647 |
| Commitments (Note 9) | | |
| Fund Balances | | |
| Capital Assets Fund | 292,429 | 363,122 |
| Growth and Development Fund | 56,882 | 54,441 |
| | 349,311 | 417,563 |
| | \$ 1,842,536 | \$ 1,592,210 |

On behalf of the Board:

Daniel J. Ferman Director

M. L. L. L. Director

Vaughan Community Health Centre Corporation Statement of Changes in Fund Balances

| For the year ended March 31 | Core Operations Fund | Capital Assets Fund | Growth and Development Fund | 2022 Total | 2021 Total |
|---|----------------------------|---------------------------|-----------------------------------|---------------|---------------|
| Balance, beginning of the year | \$ - | \$ 363,122 | \$ 54,441 | \$ 417,563 | \$ 506,153 |
| Excess (deficiency) of revenues over expenses | - | (70,693) | 2,441 | (68,252) | (88,590) |
| Balance, end of the year | \$ - | \$ 292,429 | \$ 56,882 | \$ 349,311 | \$ 417,563 |

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 | 2022 Total | 2021 Total |
|--|----------------------------|--|----------------|------------------------------------|--|---------------------------|------------------------------|-----------------------------------|--------------------|--------------------|
| Revenue | | | | | | | | | | |
| Ontario Health | \$ 5,558,881 | \$ 944,665 | \$ 155,356 | \$ 717,419 | \$ - | \$ - | \$ 7,376,321 | \$ - | \$ 7,376,321 | \$ 7,195,235 |
| Miscellaneous | 43,387 | - | - | - | 57,403 | - | 100,790 | 2,441 | 103,231 | 135,195 |
| | <u>5,602,268</u> | <u>944,665</u> | <u>155,356</u> | <u>717,419</u> | <u>57,403</u> | <u>-</u> | <u>7,477,111</u> | <u>2,441</u> | <u>7,479,552</u> | <u>7,330,430</u> |
| Expenses | | | | | | | | | | |
| Salaries, benefits and relief | 3,783,686 | 849,640 | 130,245 | 552,411 | 32,420 | - | 5,348,402 | - | 5,348,402 | 5,110,937 |
| General and operating | 1,038,452 | 87,397 | 21,431 | 78,415 | 24,983 | - | 1,250,678 | - | 1,250,678 | 1,324,833 |
| Occupancy costs | 701,544 | - | - | 86,593 | - | - | 788,137 | - | 788,137 | 791,297 |
| Medical supplies | 78,586 | 7,628 | 3,680 | - | - | - | 89,894 | - | 89,894 | 100,800 |
| Amortization | - | - | - | - | - | 70,693 | 70,693 | - | 70,693 | 91,153 |
| | <u>5,602,268</u> | <u>944,665</u> | <u>155,356</u> | <u>717,419</u> | <u>57,403</u> | <u>70,693</u> | <u>7,547,804</u> | <u>-</u> | <u>7,547,804</u> | <u>7,419,020</u> |
| Excess (deficiency) of revenues over expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (70,693) | \$ (70,693) | \$ 2,441 | \$ (68,252) | \$ (88,590) |

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 | 2022 | 2021 |
|--|---------------------|-------------------|
| Cash flows from operating activities | | |
| Deficiency of revenues over expenses | \$ (68,252) | \$ (88,590) |
| Items not affecting cash: | | |
| Amortization of tangible capital assets | 70,693 | 91,153 |
| | 2,441 | 2,563 |
| Changes in non-cash working capital: | | |
| Accounts receivable | 38,364 | (82,820) |
| Prepaid expenses | 1,144 | 19,751 |
| Accounts payable and accrued liabilities | (135,026) | 91,455 |
| Due to Ontario Health - Core operations | 442,610 | 427,065 |
| Due to Ontario Health - Diabetes Education Program | 39,756 | 39,679 |
| Deferred revenue | (24,984) | 3,114 |
| | 364,305 | 500,807 |
| Cash flows from financing activities | | |
| Payments for obligations under capital lease | (3,778) | (32,133) |
| Net increase in cash | 360,527 | 468,674 |
| Cash, beginning of the year | 976,225 | 507,551 |
| Cash, end of the year | \$ 1,336,752 | \$ 976,225 |
| Represented by: | | |
| Cash - internally restricted | \$ 55,159 | \$ 52,968 |
| - externally restricted | 1,281,593 | 923,257 |
| | \$ 1,336,752 | \$ 976,225 |

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

Vaughan Community Health Centre Corporation

Notes to Financial Statements

March 31, 2022

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 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 99% (2021 - 98%) of its funding from Ontario Health.

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.

Vaughan Community Health Centre Corporation

Notes to Financial Statements

March 31, 2022

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.

Vaughan Community Health Centre Corporation

Notes to Financial Statements

March 31, 2022

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 Ontario Health are recorded at amortized cost.

Vaughan Community Health Centre Corporation

Notes to Financial Statements

March 31, 2022

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:

| | Method | Rate |
|--------------------------------|-------------------|---------------|
| 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.

Vaughan Community Health Centre Corporation Notes to Financial Statements

March 31, 2022

2. Core Operations

The core operations are funded by Ontario Health for the Community Health Centre's day-to-day operations and the High Priority Communities Strategy Program. These operations include primary care, system navigation, various supports for the promotion of health and exercise as well as community engagement and education around COVID-19 virus, vaccinations, testing and wraparound supports. Any funding unspent at the end of the year and the interest received on these funds is refundable to Ontario Health.

| | 2022 | 2021 |
|--|--------------|--------------|
| Approved funding | \$ 6,001,491 | \$ 5,805,857 |
| Less: Expenses eligible for program funding | 5,602,268 | 5,413,764 |
| Excess of revenue over expenses for the year | 399,223 | 392,093 |
| Add: Other income, including interest | 43,387 | 82,179 |
| | \$ 442,610 | \$ 474,272 |
| 2019/2020 | \$ 85,964 | \$ 85,964 |
| 2020/2021 | 474,272 | 474,272 |
| 2021/2022 | 442,610 | - |
| | \$ 1,002,846 | \$ 560,236 |

3. Diabetes Education Program

The Diabetes Education Program, funded by Ontario Health, 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 Ontario Health.

| | 2022 | 2021 |
|--|------------|------------|
| Approved funding | \$ 984,421 | \$ 981,497 |
| Less: Expenses eligible for program funding | 944,665 | 934,603 |
| Excess of revenue over expenses for the year | \$ 39,756 | \$ 46,894 |
| 2019/2020 | \$ 4,207 | \$ 4,207 |
| 2020/2021 | 46,894 | 46,894 |
| 2021/2022 | 39,756 | - |
| | \$ 90,857 | \$ 51,101 |

Vaughan Community Health Centre Corporation

Notes to Financial Statements

March 31, 2022

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) New Horizons Keeping Seniors Connected Program

Fund is administrated by the Ministry of Employment and Social Development, the program is designed as a digital equity program providing seniors with access to the internet and computer tablets in order to provide access to virtual medical appointments and social programs.

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.

5. Accounts Receivable

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Harmonized sales tax receivable | \$ 107,936 | \$ 163,042 |
| Receivable from other community programs | <u>67,025</u> | <u>50,283</u> |
| | <u>\$ 174,961</u> | <u>\$ 213,325</u> |

Vaughan Community Health Centre Corporation
Notes to Financial Statements

March 31, 2022

6. Tangible Capital Assets

| | 2022 | | 2021 | |
|--|------------------|-----------------------------|------------------|-----------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Leasehold improvements | \$ 2,006,895 | \$ 1,809,089 | \$ 2,006,895 | \$ 1,768,858 |
| Artwork | 13,850 | 10,505 | 13,850 | 10,134 |
| Office furniture and equipment | 425,487 | 391,090 | 425,487 | 382,488 |
| Medical equipment | 307,639 | 275,377 | 307,639 | 267,312 |
| Computer equipment | 420,629 | 419,091 | 420,629 | 417,211 |
| Computer equipment under capital lease | 112,181 | 89,100 | 112,181 | 77,556 |
| | 3,286,681 | 2,994,252 | 3,286,681 | 2,923,559 |
| Net Book Value | | \$ 292,429 | | \$ 363,122 |

Vaughan Community Health Centre Corporation

Notes to Financial Statements

March 31, 2022

7. 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, 2021 disclosed a surplus of \$28.5 billion (2021 - \$24.1 billion). The results of this valuation disclosed total liabilities and pension obligations of \$188.6 billion (2021 - \$167.6 billion) in respect of services accrued to December 31, 2021 and a value of actuarial assets at that date of \$217.1 billion (2021 - \$191.8 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 \$647,665 (2021 - \$409,943).

8. Bank Credit Facility

The Community Health Centre has an available credit facility of \$800,000 (2021 - \$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 2022 fiscal year. As of March 31, 2022, the Community Health Centre did not have an outstanding balance on the line of credit (2021 - \$Nil).

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 two years:

| | |
|------|-------------------|
| 2022 | \$ 376,193 |
| 2023 | <u>351,040</u> |
| | <u>\$ 727,233</u> |

Vaughan Community Health Centre Corporation

Notes to Financial Statements

March 31, 2022

10. 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.

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.
