

**QUEST COMMUNITY HEALTH CENTRE**  
**Financial Statements**

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Year Ended March 31, 2017

# **QUEST COMMUNITY HEALTH CENTRE**

Index to the Financial Statements

Year Ended March 31, 2017

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## INDEPENDENT AUDITOR'S REPORT

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### To the Board of Directors of QUEST COMMUNITY HEALTH CENTRE

I have audited the accompanying financial statements of QUEST COMMUNITY HEALTH CENTRE, which comprise the statement of financial position as at March 31, 2017, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**SILVANA DEL MONACO**

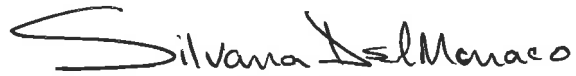
Professional Corporation Chartered Accountant

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**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of QUEST COMMUNITY HEALTH CENTRE as at March 31, 2017 and the results of its operations, change in net assets and cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.



**SILVANA DEL MONACO**  
**Professional Corporation**  
**Authorized to practice public**  
**accounting by the Chartered**  
**Professional Accountants of Ontario**

**June 22, 2017**  
**St. Catharines, Ontario**

**QUEST COMMUNITY HEALTH CENTRE**  
Statement of Financial Position as at March 31, 2017

<b>ASSETS</b>	<b>2017</b>	<b>2016</b>
Current Assets		
Cash	\$823,909	\$668,880
Accounts receivable	9,434	10,132
HST recoverable	55,758	48,370
Prepaid expenses	24,238	32,191
	<u>913,339</u>	<u>759,573</u>
Restricted Assets (note 7):		
Cash - capital monies for assets under construction	1,348,284	1,344,574
Capital Assets (note 3):		
Equipment	399,658	390,082
Dental equipment	105,555	105,555
Computer equipment	122,875	98,518
Vehicle	33,465	33,465
Leasehold improvements - capital under construction	131,587	121,813
	<u>793,140</u>	<u>749,433</u>
Less: accumulated depreciation	<u>332,447</u>	<u>242,733</u>
	460,693	506,700
	<u>\$2,722,316</u>	<u>\$2,610,847</u>

See accompanying notes to the financial statements

On behalf of the Board:

Director:  \_\_\_\_\_

Director:  \_\_\_\_\_

<b>LIABILITIES AND NET ASSETS</b>	<b>2017</b>	<b>2016</b>
Current liabilities		
Accounts payable and accrued liabilities	\$99,830	\$103,760
Due to funding source - MOHLTC/LHIN (note 4)	657,786	506,875
Deferred revenue - Dental Operatories (note 5)	155,723	146,632
Deferred revenue - other (note 6)	-	2,306
	<u>913,339</u>	<u>759,573</u>
Deferred capital monies for assets under construction (note 7)	1,348,284	1,344,574
Deferred contributions related to capital (note 8)	460,693	506,700
	<u>1,808,977</u>	<u>1,851,274</u>
	<u>2,722,316</u>	<u>2,610,847</u>
Net Assets	-	-
Commitments (note 9)		
	<u>\$2,722,316</u>	<u>\$2,610,847</u>

## QUEST COMMUNITY HEALTH CENTRE

Statement of Operations - Summary for the year ended March 31, 2017

	Community Health Centre Programs (Schedule 1)	Dental Operatories (Schedule 2)	Community Funded Projects (Schedule 2)	2017	2016
<b>Revenue:</b>					
MOHLTC/LHIN - Annual	\$4,013,091	-	-	\$4,013,091	\$3,925,678
Niagara Community Foundation	-	-	-	-	5,628
Business Education Council of Niagara	-	-	-	-	29,516
Niagara District School Board	-	-	2,306	2,306	5,513
Green Shield	-	35,270	-	35,270	41,522
Fowler Family Foundation	-	10,639	-	10,639	5,416
ODSP/Ontario Works	-	8,518	-	8,518	7,298
Utilized for capitalized items	(33,933)	-	-	(33,933)	(93,239)
Amortization of deferred contributions	78,905	10,809	-	89,714	95,621
	4,058,063	65,236	2,306	4,125,605	4,022,953
<b>Expenditures:</b>					
Advertising and promotion	34,996	-	-	34,996	33,492
Amortization of capital assets	78,905	10,809	-	89,714	95,621
Cleaning	47,622	-	-	47,622	52,886
Dues and memberships	18,976	-	-	18,976	17,996
Insurance	12,665	-	-	12,665	12,165
Interest and bank charges	2,517	-	-	2,517	2,885
IT expenses and support	93,305	1,975	-	95,280	109,763
Meeting and forum expenses	6,186	-	-	6,186	8,736
Occupancy expense	180,902	-	-	180,902	179,477
Office supplies and miscellaneous	34,707	-	-	34,707	61,269
Operations and maintenance	22,853	1,378	-	24,231	23,137
Professional fees	11,055	-	-	11,055	16,593
Program supplies	97,524	4,482	2,306	104,312	100,829
Physicians services	654,330	-	-	654,330	898,572
Purchased services	128,293	19,115	-	147,408	176,899
Resource material	1,609	-	-	1,609	885
Salaries and benefits	2,090,618	27,294	-	2,117,912	1,993,930
Staff and board development	30,887	-	-	30,887	55,698
Staff recruitment	5,093	-	-	5,093	789
Telephone	24,742	156	-	24,898	24,560
Travel expenses	18,541	27	-	18,568	15,959
Cost recovery (miscellaneous)	(21,572)	-	-	(21,572)	(33,665)
	3,574,754	65,236	2,306	3,642,296	3,848,476
<b>Excess of revenue over expenditures</b>	483,309	-	-	483,309	174,477
Net repayable to funding sources	(483,309)	-	-	(483,309)	(174,477)
<b>Excess of revenue over expenditures</b>	-	-	-	-	-

See accompanying notes to the financial statements

**QUEST COMMUNITY HEALTH CENTRE**

Statement of Changes in Net Assets for the year ended March 31, 2017

	<b>Community Health Centre</b>	<b>Dental Operatories</b>	<b>Community Funded Projects</b>	<b>2017</b>	<b>2016</b>
Balance, beginning of the year	-	-	-	-	-
Excess of revenue over expenditures	-	-	-	-	-
<b>Balance, end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

See accompanying notes to the financial statements



**QUEST COMMUNITY HEALTH CENTRE**

Statement of Cash Flows for the year ended March 31, 2017

	2017	2016
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditures	-	-
Items not affecting cash		
Amortization of deferred contributions	(89,714)	(95,621)
Amortization of capital assets	89,714	95,621
Changes in non-cash working capital:		
Accounts receivable	698	10,204
HST recoverable	(7,388)	4,663
Prepaid expenses	7,953	(15,992)
Accounts payable and accrued liabilities	(3,931)	(191,205)
Employee deductions payable	-	-
Due to funding source - MOHLTC/LHIN	150,912	36,842
Deferred revenue - Dental Operatories	9,091	53,778
Deferred revenue - other	(2,306)	(11,141)
Deferred capital monies for assets under construction	3,710	(230)
	<u>158,739</u>	<u>(113,081)</u>
<b>Cash flows from investing activities</b>		
Acquisition of capital assets - operating monies	(33,933)	(93,239)
Acquisition of capital assets - capital monies	(9,774)	(14,477)
Deferred contributions related to capital	43,707	107,716
	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	158,739	(113,081)
Cash position at the beginning of the year	2,013,454	2,126,535
<b>Cash position at the end of the year</b>	<u>\$2,172,193</u>	<u>\$2,013,454</u>
Cash consists of:		
Cash	\$823,909	\$668,880
Cash - capital monies for assets under construction	1,348,284	1,344,574
	<u>\$2,172,193</u>	<u>\$2,013,454</u>

See accompanying notes to the financial statements

## QUEST COMMUNITY HEALTH CENTRE

Notes to Financial Statements

Year Ended March 31, 2017

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### 1. Purpose of the Organization

The Quest Community Health Centre (the Centre) was incorporated on August 31, 2007 as a non-profit organization. The Centre provides a range of comprehensive primary care and health promotion programs and services to identified populations in the greater St. Catharines area. Quest CHC enhances client care and outcomes through the use of interprofessional teams working collaboratively with other service providers in the community such as hospitals, mental health, addictions, and other organizations focused on addressing the social determinants of health. The Centre is a registered charity and is exempt from income tax legislation.

### 2. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

(a) Revenue recognition

The Centre follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. In circumstances where grant monies relate to more than one fiscal period, unexpended monies are deferred and recognized as revenue as expended.

(b) Cash and cash equivalents

The organization's policy is to present bank balances under cash.

(c) Capital expenditures

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets are not depreciated until put into use. Amortization is provided as follows:

	Rate	Basis
Equipment	20%	Declining-balance
Dental equipment	20%	Declining-balance
Computer equipment	30%	Declining-balance
Vehicle	30%	Declining-balance

When a capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-down recognized is not reversed.

## QUEST COMMUNITY HEALTH CENTRE

Notes to Financial Statements

Year Ended March 31, 2017

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### 2. Summary of Significant Accounting Policies (con'd)

(d) Contributed services

Volunteers contribute numerous hours per year to assist the Centre in carrying out its activities. Because of the difficulty to determine fair value, volunteer services are not recognized in the financial statements.

(e) Use of estimates

The preparation of the organization's financial statements in conformity 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 and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Significant financial statement areas which involve the estimates include the amounts due to funding sources. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates.

(f) Financial instruments

*Measurement*

The organization initially measures its financial assets and financial liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable and HST recoverable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and due to funding sources.

For financial assets subsequently measured at cost or amortized cost, the organization regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

## QUEST COMMUNITY HEALTH CENTRE

Notes to Financial Statements

Year Ended March 31, 2017

### 3. Capital Assets

	Cost	Accumulated Depreciation	2017 Net Book Value	2016 Net Book Value
Equipment	\$399,658	\$191,363	\$208,295	\$249,596
Dental equipment	105,555	62,320	43,235	54,044
Computer equipment	122,875	59,237	63,638	61,335
Vehicle	33,465	19,527	13,938	19,912
Leasehold improvements - capital under construction	131,587	-	131,587	121,813
	<u>\$793,140</u>	<u>\$332,447</u>	<u>\$460,693</u>	<u>\$506,700</u>

The organization has been approved for a capital grant by the MOHLTC for an amount up to \$4,725,300 for leasehold construction costs for the organization. During the year such expenditures with a cost of \$9,774 (2016 - \$14,477) were incurred. The total leasehold construction costs incurred to-date are \$131,587. These costs will not be amortized until the assets are put into use.

### 4. Due to Funding Source - MOHLTC/LHIN

The Centre is funded by the MOHLTC/LHIN and the continuation of the organization is dependent on this funding.

During the fiscal year, the Ministry of Health and Long-Term Care conducted their year end settlement for the year ended March 31, 2015. As a result of the review a total amount of \$332,398 of the funding for the March 31, 2015 fiscal year was repayable to the MOHLTC. This amount was reflected as a payable in the prior year.

As at the year end, the MOHLTC/LHIN settlement for the year ended March 31, 2016 has not been finalized and therefore there remains an amount owing of \$174,477 that was set up as repayable in the prior year.

For the year ended March 31, 2017, an amount repayable to the funder of \$483,309 has been recorded in the financial statements. Given that this amount is subject to review by the MOHLTC and the LHIN, any revisions to the amount as a result of the review will be recorded as an adjustment in subsequent years and are not expected to be material.

March 31, 2016	\$174,477
March 31, 2017	<u>483,309</u>
	<u><u>\$657,786</u></u>

## QUEST COMMUNITY HEALTH CENTRE

Notes to Financial Statements

Year Ended March 31, 2017

### 5. Deferred Revenue - Dental Operatories

These contributed monies are to be used exclusively in the operations of the Dental Operatory. The deferred monies will be recognized as revenue as the related dental operatories expenditures are incurred.

	<b>Green Shield</b>	<b>Fowler Family Foundation</b>	<b>Henry Schein</b>	<b>Donations</b>	<b>2017</b>	<b>2016</b>
Balance, beginning of year	\$22,732	\$84,584	\$33,831	\$5,485	\$146,632	\$92,855
Received during the year	55,000	-	-	-	55,000	100,715
Realized as revenue during the year	(35,270)	(10,639)	-	-	(45,909)	(46,938)
Balance, end of year	\$42,462	\$73,945	\$33,831	\$5,485	\$155,723	\$146,632

### 6. Deferred Revenue - Other

Changes in the deferred other grant revenues balances are designated for specific purposes and are as follows:

	<b>2017</b>	<b>2016</b>
Balance, beginning of year	\$2,306	13,447
Realized as revenue during the year - Ministry of Education DSBN	(2,306)	(11,141)
Balance, end of year	-	\$2,306

## QUEST COMMUNITY HEALTH CENTRE

Notes to Financial Statements

Year Ended March 31, 2017

### 7. Deferred Capital Monies for Assets under Construction:

As stated in Note 3, the Centre has been approved for a capital leasehold construction project. As at the financial statement date, \$1,417,590 has been received from the MOHLTC. Interest revenue earned on the monies have been reflected as additions to this amount. During the year \$9,774 was expended (2016-\$14,477) and the total expenditures are \$131,587.

	2017	2016
Balance, beginning of year	\$1,344,574	1,344,804
Revenue		
Interest revenue	13,484	14,247
	13,484	14,247
Expended for leasehold improvements - capital under construction	(9,774)	(14,477)
Balance, end of year	\$1,348,284	\$1,344,574

### 8. Deferred Contributions Related to Capital

The organization has received monies that have been used to acquire capital assets. The grant monies are being amortized over the estimated useful lives of the assets therein.

	MOHLTC/ LHIN	Dental Operatories	2017	2016
Balance, beginning of year	\$452,656	\$54,044	\$506,700	\$494,605
Contributions during the year	33,933	-	33,933	93,239
Contributions during the year - capital construction	9,774	-	9,774	14,477
Amortized to revenue for the year	(78,905)	(10,809)	(89,714)	(95,621)
Balance, end of year	\$417,458	\$43,235	\$460,693	\$506,700

### 9. Commitments

The Centre is committed to payments under an operating lease for its interim site of \$14,506 monthly plus HST and including a portion for CAM charges. The lease expires September 30, 2018.

## QUEST COMMUNITY HEALTH CENTRE

Notes to Financial Statements

Year Ended March 31, 2017

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### 10. Pension Plan

During the year, the Centre contributed to a defined contribution plan on behalf of its staff. The amount contributed in the current year to the pension plan was \$70,985 (2016 - \$66,569) for current service and is included as an expenditure in the statement of operations.

Subsequent to the year end, the organization entered into an agreement with the Healthcare Of Ontario Pension Plan (HOOPP), a multi-employer defined benefit pension plan for its employees.

### 11. Financial Instruments

The organization is exposed to various risks through its financial instruments.

#### *Credit risk*

For accounts receivable, the organization assesses, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value. The organization is also exposed to concentration risk in that cash is held at a financial institution in excess of Canadian Deposit Insurance Corporation Limits.

#### *Liquidity risk*

Liquidity risk is the risk of being unable to meet cash requirement obligations as they come due. The organization manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

#### *Risk changes*

The extent of the organization's exposure to the above risks did not change during 2017.

### 12. Comparative Amounts

Certain comparative amounts from 2016 have been reclassified to conform to the presentation adopted for 2017.

**QUEST COMMUNITY HEALTH CENTRE****SCHEDULE 1**

Statement of Operations for the year ended March 31, 2017

**COMMUNITY HEALTH CENTRE PROGRAMS**

	<b>Health Centre</b>	<b>USAT</b>	<b>MAW</b>	<b>2017</b>	<b>2016</b>
<b>Revenue:</b>					
MOHLTC/LHIN - Annual	\$3,293,291	\$562,000	\$157,800	\$4,013,091	\$3,925,678
Utilized for capitalized items	(30,393)	-	(3,540)	(33,933)	(93,239)
Amortization of deferred contributions	78,905	-	-	78,905	82,110
	<u>3,341,803</u>	<u>562,000</u>	<u>154,260</u>	<u>4,058,063</u>	<u>3,914,549</u>
<b>Expenditures:</b>					
Advertising and promotion	26,223	-	8,773	34,996	33,492
Amortization of capital assets	78,905	-	-	78,905	82,110
Cleaning	40,158	7,464	-	47,622	52,886
Dues and memberships	16,239	2,737	-	18,976	17,996
Insurance	10,490	1,836	339	12,665	12,165
Interest and bank charges	2,517	-	-	2,517	2,885
IT expenses and support	85,433	3,484	4,388	93,305	103,736
Meeting and forum expenses	6,098	88	-	6,186	8,134
Occupancy expense	138,134	37,068	5,700	180,902	179,477
Office supplies and miscellaneous	21,655	10,449	2,603	34,707	61,269
Operations and maintenance	21,984	869	-	22,853	19,912
Professional fees	11,055	-	-	11,055	16,593
Program supplies	81,391	7,525	8,608	97,524	85,002
Physicians services	645,323	-	9,007	654,330	898,572
Purchased services	96,215	22,078	10,000	128,293	176,899
Resource material	1,609	-	-	1,609	885
Salaries and benefits	1,570,244	425,942	94,432	2,090,618	1,926,279
Staff and board development	24,233	2,132	4,522	30,887	55,698
Staff recruitment	4,040	-	1,053	5,093	789
Telephone	14,915	7,964	1,863	24,742	24,560
Travel expenses	6,068	9,501	2,972	18,541	14,398
Cost recovery (miscellaneous)	(19,583)	(1,989)	-	(21,572)	(33,665)
	<u>2,883,346</u>	<u>537,148</u>	<u>154,260</u>	<u>3,574,754</u>	<u>3,740,072</u>
Excess of revenue over expenditures	458,457	24,852	-	483,309	174,477
Net repayable to funding sources	(458,457)	(24,852)	-	(483,309)	(174,477)
<b>Excess of revenue over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

See accompanying notes to the financial statements



**QUEST COMMUNITY HEALTH CENTRE****SCHEDULE 2**

Statement of Operations for the year ended March 31, 2017

**DENTAL OPERATORIES MONIES**

	2017	2016
<b>Revenue:</b>		
Green Shield	\$35,270	\$41,522
Fowler Family Foundation	10,639	5,416
ODSP/Ontario Works	8,518	7,298
Amortization of deferred contributions	10,809	13,511
	<u>65,236</u>	<u>67,747</u>
<b>Expenditures:</b>		
Amortization of capital assets	10,809	13,511
IT expenses and support	1,975	3,713
Operations and maintenance	1,378	1,338
Program supplies	4,482	4,638
Purchased services	19,115	-
Salaries and benefits	27,294	42,994
Telephone	156	-
Travel expenses	27	1,553
	<u>65,236</u>	<u>67,747</u>
<b>Excess of revenue over expenditures</b>	<u>-</u>	<u>-</u>

**COMMUNITY FUNDED PROJECTS**

	2017	2016
<b>Revenue:</b>		
Business Education Council of Niagara	-	\$29,516
Niagara District School Board - Ministry of Education	2,306	5,513
Niagara Community Foundation	-	5,628
	<u>2,306</u>	<u>40,657</u>
<b>Expenditures:</b>		
Meeting and forum expenses	-	602
IT expenses and support	-	2,314
Operations and maintenance	-	1,887
Program supplies	2,306	11,189
Salaries and benefits	-	24,657
Travel	-	8
	<u>2,306</u>	<u>40,657</u>
<b>Excess of revenue over expenditures</b>	<u>-</u>	<u>-</u>

See accompanying notes to the financial statements