

QUEST COMMUNITY HEALTH CENTRE
Financial Statements

Year Ended March 31, 2018

QUEST COMMUNITY HEALTH CENTRE

Index to the Financial Statements

Year Ended March 31, 2018

Contents

	Page
Independent Auditor's Report	3 - 4
Statement of Financial Position	5 - 6
Statement of Operations - Summary	7
Statement of Changes in Net Assets	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 15
Schedule 1 - Statement of Operations - Community Health Centre Programs	16
Schedule 2 - Statement of Operations - Dental Operatories Monies	17
Schedule 2 - Statement of Operations - Community Funded Projects	17



INDEPENDENT AUDITOR'S REPORT

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, 2018, 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.

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, 2018 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.

Other Matters

The financial statements of QUEST COMMUNITY HEALTH CENTRE for the year ended March 31, 2017 were audited by another public accountancy firm who expressed an unqualified opinion on June 22, 2017.



NICOLE HENDERSON
Professional Corporation
Authorized to practice public
accounting by the Chartered
Professional Accountants of Ontario

June 28, 2018
St. Catharines, Ontario



NICOLE HENDERSON
Professional Corporation
CHARTERED PROFESSIONAL ACCOUNTANT

QUEST COMMUNITY HEALTH CENTRE
Statement of Financial Position as at March 31, 2018

ASSETS	2018	2017
Current Assets		
Cash	\$1,136,147	\$823,909
Accounts receivable	7,160	9,434
HST recoverable	60,130	55,758
Prepaid expenses	79,207	24,238
	<u>1,282,644</u>	<u>913,339</u>
Restricted Assets (note 6):		
Cash - capital monies for assets under construction	1,330,861	1,348,284
Capital Assets (note 3):		
Equipment	407,638	399,658
Dental equipment	105,555	105,555
Computer equipment	137,320	122,875
Vehicle	33,465	33,465
Leasehold improvements - capital under construction	163,485	131,587
	<u>847,463</u>	<u>793,140</u>
Less: accumulated depreciation	408,990	332,447
	<u>438,473</u>	<u>460,693</u>
	<u>\$3,051,978</u>	<u>\$2,722,316</u>

See accompanying notes to the financial statements

On behalf of the Board:

Director:  _____

Director:  _____

LIABILITIES AND NET ASSETS	2018	2017
Current liabilities		
Accounts payable and accrued liabilities	\$113,246	\$99,830
Due to funding source - MOHLTC/LHIN (note 4)	1,055,707	657,786
Deferred revenue - Dental Operatories (note 5)	113,691	155,723
	<u>1,282,644</u>	<u>913,339</u>
Deferred capital monies for assets under construction (note 6)	1,330,861	1,348,284
Deferred contributions related to capital (note 7)	438,473	460,693
	<u>1,769,334</u>	<u>1,808,977</u>
	<u>3,051,978</u>	<u>2,722,316</u>
Net Assets	-	-
Commitments (note 8)		
	<u>\$3,051,978</u>	<u>\$2,722,316</u>

QUEST COMMUNITY HEALTH CENTRE

Statement of Operations - Summary for the year ended March 31, 2018

	Community Health Centre Programs (Schedule 1)	Dental Operatories (Schedule 2)	Community Funded Projects (Schedule 2)	2018	2017
Revenue:					
MOHLTC/LHIN - Annual	\$4,138,791	-	-	\$4,138,791	\$4,013,091
Niagara District School Board	-	-	-	-	2,306
Green Shield	-	31,808	-	31,808	35,270
Fowler Family Foundation	-	10,224	-	10,224	10,639
ODSP/Ontario Works	-	6,557	-	6,557	8,518
Utilized for capitalized items	(22,425)	-	-	(22,425)	(33,933)
Amortization of deferred contributions	67,896	8,647	-	76,543	89,714
	4,184,262	57,236	-	4,241,498	4,125,605
Expenditures:					
Advertising and promotion	24,411	-	-	24,411	34,996
Amortization of capital assets	67,896	8,647	-	76,543	89,714
Cleaning	47,192	-	-	47,192	47,622
Dues and memberships	22,539	-	-	22,539	18,976
Insurance	12,817	-	-	12,817	12,665
Interest and bank charges	3,083	-	-	3,083	2,517
IT expenses and support	60,723	2,609	-	63,332	95,280
Meeting and forum expenses	5,771	-	-	5,771	6,186
Occupancy expense	180,931	-	-	180,931	180,902
Office supplies and miscellaneous	47,481	-	-	47,481	34,707
Operations and maintenance	29,146	2,940	-	32,086	24,231
Organizational development	18,721	-	-	18,721	-
Professional fees	15,192	-	-	15,192	11,055
Program supplies and services	39,391	1,935	-	41,326	104,312
Physicians services	532,796	-	-	532,796	654,330
Purchased services	131,491	40,896	-	172,387	147,408
Resource material	4,650	-	-	4,650	1,609
Salaries and benefits	2,284,187	-	-	2,284,187	2,117,912
Staff and board development	48,402	-	-	48,402	30,887
Staff recruitment	3,482	-	-	3,482	5,093
Telephone	24,862	-	-	24,862	24,898
Travel expenses	23,575	209	-	23,784	18,568
Cost recovery (miscellaneous)	(16,875)	-	-	(16,875)	(21,572)
	3,611,864	57,236	-	3,669,100	3,642,296
Excess of revenue over expenditures	572,398	-	-	572,398	483,309
Net repayable to funding sources	(572,398)	-	-	(572,398)	(483,309)
Excess of revenue over expenditures	-	-	-	-	-

See accompanying notes to the financial statements

QUEST COMMUNITY HEALTH CENTRE

Statement of Changes in Net Assets for the year ended March 31, 2018

	Community Health Centre	Dental Operatories	Community Funded Projects	2018	2017
Balance, beginning of the year	-	-	-	-	-
Excess of revenue over expenditures	-	-	-	-	-
Balance, end of the year	-	-	-	-	-

See accompanying notes to the financial statements

QUEST COMMUNITY HEALTH CENTRE

Statement of Cash Flows for the year ended March 31, 2018

	2018	2017
Cash flows from operating activities		
Excess of revenue over expenditures	-	-
Items not affecting cash		
Amortization of deferred contributions	(76,543)	(89,714)
Amortization of capital assets	76,543	89,714
Changes in non-cash working capital:		
Accounts receivable	2,274	698
HST recoverable	(4,372)	(7,388)
Prepaid expenses	(54,969)	7,953
Accounts payable and accrued liabilities	13,416	(3,931)
Due to funding source - MOHLTC/LHIN	397,921	150,912
Deferred revenue - Dental Operatories	(42,032)	9,091
Deferred revenue - other	-	(2,306)
Deferred capital monies for assets under construction	(17,423)	3,710
	<u>294,815</u>	<u>158,739</u>
Cash flows from investing activities		
Acquisition of capital assets - operating monies	(22,425)	(33,933)
Acquisition of capital assets - capital monies	(31,898)	(9,774)
Deferred contributions related to capital	54,323	43,707
	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	294,815	158,739
Cash position at the beginning of the year	2,172,193	2,013,454
Cash position at the end of the year	<u><u>\$2,467,008</u></u>	<u><u>\$2,172,193</u></u>
Cash consists of:		
Cash	\$1,136,147	\$823,909
Cash - capital monies for assets under construction	1,330,861	1,348,284
	<u><u>\$2,467,008</u></u>	<u><u>\$2,172,193</u></u>

See accompanying notes to the financial statements

QUEST COMMUNITY HEALTH CENTRE

Notes to Financial Statements

Year Ended March 31, 2018

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, 2018

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, 2018

3. Capital Assets

	Cost	Accumulated Depreciation	2018 Net Book Value	2017 Net Book Value
Equipment	\$407,638	\$233,820	\$173,818	\$208,295
Dental equipment	105,555	70,967	34,588	43,235
Computer equipment	137,320	80,495	56,825	63,638
Vehicle	33,465	23,708	9,757	13,938
Leasehold improvements - capital under construction	163,485	-	163,485	131,587
	<u>\$847,463</u>	<u>\$408,990</u>	<u>\$438,473</u>	<u>\$460,693</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 \$31,898 (2017 - \$9,774) were incurred. The total leasehold construction costs incurred to-date are \$163,485. 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, 2016. As a result of the review a total amount of \$174,477 of the funding for the March 31, 2016 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, 2017 has not been finalized and therefore there remains an amount owing of \$483,309 that was set up as repayable in the prior year.

For the year ended March 31, 2018, an amount repayable to the funder of \$572,398 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, 2017	\$483,309
March 31, 2018	<u>572,398</u>
	<u>\$1,055,707</u>

QUEST COMMUNITY HEALTH CENTRE

Notes to Financial Statements

Year Ended March 31, 2018

5. Deferred Revenue - Dental Operatories

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

	Green Shield	Fowler Family Foundation	Henry Schein	Donations	2018	2017
Balance, beginning of year	\$42,462	\$73,945	\$33,831	\$5,485	\$155,723	\$146,632
Received during the year	-	-	-	-	-	55,000
Realized as revenue during the year	(31,808)	(10,224)	-	-	(42,032)	(45,909)
Balance, end of year	\$10,654	\$63,721	\$33,831	\$5,485	\$113,691	\$155,723

6. 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 \$31,898 was expended (2017-\$9,774) and the total expenditures are \$163,485.

	2018	2017
Balance, beginning of year	\$1,348,284	\$1,344,574
Revenue		
Interest revenue	14,475	13,484
	14,475	13,484
Expended for leasehold improvements - capital under construction	(31,898)	(9,774)
Balance, end of year	\$1,330,861	\$1,348,284

QUEST COMMUNITY HEALTH CENTRE

Notes to Financial Statements

Year Ended March 31, 2018

7. 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	2018	2017
Balance, beginning of year	\$417,458	\$43,235	\$460,693	\$506,700
Contributions during the year	22,425	-	22,425	33,933
Contributions during the year - capital construction	31,898	-	31,898	9,774
Amortized to revenue for the year	(67,896)	(8,647)	(76,543)	(89,714)
Balance, end of year	\$403,885	\$34,588	\$438,473	\$460,693

8. 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.

9. Pension Plan

During the year, the Centre contributed to a defined contribution plan with Sun Life Financial on behalf of some of its employees. The amount contributed in the current year to the pension plan was \$25,951 (2017 - \$70,985) for current service and is included as an expenditure in the statement of operations.

During the year, the organization entered into an agreement with the Healthcare Of Ontario Pension Plan (HOOPP), a multi-employer defined benefit pension plan for some of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan. The pension plan contributions have been accounted for as a defined contribution plan because the information required to account for as a defined benefit plan is not readily available.

The amount contributed to HOOPP for the current year is \$136,394 for current service and is included as an expenditure in the statement of operations.

QUEST COMMUNITY HEALTH CENTRE

Notes to Financial Statements

Year Ended March 31, 2018

10. 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 2018.

QUEST COMMUNITY HEALTH CENTRE

SCHEDULE 1

Statement of Operations for the year ended March 31, 2018

COMMUNITY HEALTH CENTRE PROGRAMS

	Health Centre	USAT	MAW	2018	2017
Revenue:					
MOHLTC/LHIN - Annual	\$3,384,691	\$587,800	\$166,300	\$4,138,791	\$4,013,091
Utilized for capitalized items	(17,851)	-	(4,574)	(22,425)	(33,933)
Amortization of deferred contributions	67,896	-	-	67,896	78,905
	<u>3,434,736</u>	<u>587,800</u>	<u>161,726</u>	<u>4,184,262</u>	<u>4,058,063</u>
Expenditures:					
Advertising and promotion	12,861	-	11,550	24,411	34,996
Amortization of capital assets	67,896	-	-	67,896	78,905
Cleaning	39,728	7,464	-	47,192	47,622
Dues and memberships	20,643	1,896	-	22,539	18,976
Insurance	10,642	1,836	339	12,817	12,665
Interest and bank charges	3,083	-	-	3,083	2,517
IT expenses and support	50,229	8,300	2,194	60,723	93,305
Meeting and forum expenses	5,771	-	-	5,771	6,186
Occupancy expense	138,163	37,068	5,700	180,931	180,902
Office supplies and miscellaneous	38,481	8,618	382	47,481	34,707
Operations and maintenance	28,822	324	-	29,146	22,853
Organizational development	18,721	-	-	18,721	-
Professional fees	15,192	-	-	15,192	11,055
Program supplies and services	28,995	3,390	7,006	39,391	97,524
Physicians services	524,718	-	8,078	532,796	654,330
Purchased services	121,495	-	9,996	131,491	128,293
Resource material	4,650	-	-	4,650	1,609
Salaries and benefits	1,680,609	496,240	107,338	2,284,187	2,090,618
Staff and board development	41,676	5,472	1,254	48,402	30,887
Staff recruitment	3,482	-	-	3,482	5,093
Telephone	19,525	5,147	190	24,862	24,742
Travel expenses	11,348	8,408	3,819	23,575	18,541
Cost recovery (miscellaneous)	(16,875)	-	-	(16,875)	(21,572)
	<u>2,869,855</u>	<u>584,163</u>	<u>157,846</u>	<u>3,611,864</u>	<u>3,574,754</u>
Excess of revenue over expenditures	564,881	3,637	3,880	572,398	483,309
Net repayable to funding sources	(564,881)	(3,637)	(3,880)	(572,398)	(483,309)
Excess of revenue over expenditures	-	-	-	-	-

See accompanying notes to the financial statements

QUEST COMMUNITY HEALTH CENTRE
Statement of Operations for the year ended March 31, 2018

SCHEDULE 2

DENTAL OPERATORIES MONIES

	2018	2017
Revenue:		
Green Shield	\$31,808	\$35,270
Fowler Family Foundation	10,224	10,639
ODSP/Ontario Works	6,557	8,518
Amortization of deferred contributions	8,647	10,809
	<u>57,236</u>	<u>65,236</u>
Expenditures:		
Amortization of capital assets	8,647	10,809
IT expenses and support	2,609	1,975
Operations and maintenance	2,940	1,378
Program supplies	1,935	4,482
Purchased services	40,896	19,115
Salaries and benefits	-	27,294
Telephone	-	156
Travel expenses	209	27
	<u>57,236</u>	<u>65,236</u>
Excess of revenue over expenditures	<u>-</u>	<u>-</u>

COMMUNITY FUNDED PROJECTS

	2018	2017
Revenue:		
Niagara District School Board - Ministry of Education	-	\$2,306
	<u>-</u>	<u>2,306</u>
Expenditures:		
Program supplies	-	2,306
	<u>-</u>	<u>2,306</u>
Excess of revenue over expenditures	<u>-</u>	<u>-</u>

See accompanying notes to the financial statements