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Financial statements of  
North Lambton Community  
Health Centre

March 31, 2023

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To the Board of Directors of North Lambton Community Health Centre:

### Opinion

We have audited the financial statements of North Lambton Community Health Centre (the "Organization"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets 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, 2023, and the results of its 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 the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

**MNP LLP** 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:

Suite 700, 255 Queens Avenue, London ON, N6A 5R8

T: 519 679 8550 F: 519 679 1812

- 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.

London, Ontario

June 13, 2023

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

**North Lambton Community Health Centre**  
**Statement of financial position**  
as at March 31, 2023

	Notes	Schedules				2023	2022
			Community Health Program	Capital Reserve Fund	Other Programs Fund	Total	Total
			\$	\$	\$	\$	\$
<b>Assets</b>							
<b>Current assets</b>							
Cash			614,066	15,699	345,791	975,556	959,706
Short-term investments	3		—	221,227	—	221,227	217,859
Accounts receivable			198,256	—	—	198,256	79,593
Harmonized sales tax receivable			96,901	—	—	96,901	63,746
Prepaid expenses			62,720	—	—	62,720	57,237
			<b>971,943</b>	<b>236,926</b>	<b>345,791</b>	<b>1,554,660</b>	1,378,141
<b>Capital assets, net of accumulated amortization</b>							
	2	1	1,092,631	295,263	—	1,387,894	1,429,625
<b>Total Assets</b>			<b>2,064,574</b>	<b>532,189</b>	<b>345,791</b>	<b>2,942,554</b>	2,807,766
<b>Liabilities</b>							
<b>Current liabilities</b>							
Accounts payable and accrued liabilities			390,402	19,757	—	410,159	452,399
Payroll deductions and taxes payable			193,420	—	—	193,420	193,976
Funding repayable to MOH/OHW**	5		388,121	—	—	388,121	197,609
Deferred revenue and contributions	6		—	—	344,256	344,256	314,466
Funding repayable to the federal government			—	—	988	988	988
			<b>971,943</b>	<b>19,757</b>	<b>345,244</b>	<b>1,336,944</b>	1,159,438
Deferred capital contributions	7		1,092,631	295,263	—	1,387,894	1,429,625
Commitments	9						
<b>Net assets</b>							
Restricted net assets	8		—	217,169	547	217,716	218,703
			<b>2,064,574</b>	<b>532,189</b>	<b>345,791</b>	<b>2,942,554</b>	2,807,766

\*\* MOH - Ministry of Health  
OHW - Ontario Health West

The accompanying notes to the financial statements are an integral part of this financial statement.

Approved by the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**North Lambton Community Health Centre**  
**Statement of changes in net assets**  
year ended March 31, 2023

				2023	2022
	Community Health Program Fund	Capital Reserve Fund	Other Programs Fund	Total	Total
	\$	\$	\$	\$	\$
<b>Net assets, beginning of the year</b>	—	218,156	547	218,703	223,435
Excess (deficiency) of revenue over expenses	—	(987)	—	(987)	(4,732)
<b>Net assets, end of the year</b>	—	217,169	547	217,716	218,703

The accompanying notes to the financial statements are an integral part of this financial statement.

**North Lambton Community Health Centre**  
**Statement of operations**  
**year ended March 31, 2023**

	2023			2022	
Notes	Community Health Program Fund	Capital Reserve Fund	Other Programs Fund	Total	Total
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Core funding	9,128,225	—	—	9,128,225	9,095,237
Transfer Payment Agency funding	140,000	—	—	140,000	140,000
Other government funding and grants	140,000	—	365,886	505,886	425,619
Deferred revenue from prior year	—	—	312,287	312,287	312,581
Donations to programs	—	—	17,433	17,433	15,159
Interest and other income	250,226	4,254	227,776	482,256	340,731
Uninsured funding	1,000	—	—	1,000	1,000
One time funding	540,411	—	175,347	715,758	286,790
Rental income	29,812	—	—	29,812	35,136
Amortization of deferred capital contributions	74,336	—	—	74,336	66,459
	<b>10,304,010</b>	<b>4,254</b>	<b>1,098,729</b>	<b>11,406,993</b>	<b>10,718,712</b>
<b>Expenses</b>					
Amortization of capital assets	74,336	—	—	74,336	66,459
Board and meetings	13,238	—	11,160	24,398	6,391
Computer supplies	146,952	—	—	146,952	147,907
Furniture	44,572	—	—	44,572	39,107
Insurance	27,626	—	—	27,626	27,329
Interest and bank charges	2,260	—	—	2,260	2,559
Legal and audit	21,795	—	—	21,795	17,440
Medical supplies and equipment	67,793	—	—	67,793	97,682
Memberships and dues	26,772	—	—	26,772	26,364
Office, postage and printing	81,332	—	—	81,332	57,146
One time funding expense	368,567	—	—	368,567	—
Property taxes	1,706	—	—	1,706	1,659
Purchased services and consulting	194,566	—	27,529	222,095	194,066
Recruitment	4,452	—	—	4,452	5,547
Rent	327,180	—	—	327,180	321,495
Repairs and maintenance	77,638	—	—	77,638	66,240
Resources and materials	82,742	5,241	169,522	257,505	291,120
Security	20,812	—	—	20,812	15,578
Staff development and training	54,224	—	214	54,438	21,882
Telephone	71,857	—	15,619	87,476	81,906
Transfer - payment agency expenditure	140,004	—	—	140,004	140,004
Travel and transportation	33,535	—	5,435	38,970	34,815
Utilities	43,384	—	—	43,384	35,467
Wages, benefits and other compensation	8,186,152	—	524,993	8,711,145	8,514,302
	<b>10,113,495</b>	<b>5,241</b>	<b>754,472</b>	<b>10,873,208</b>	<b>10,212,465</b>
Excess (deficiency) of revenue over expenses, before the undernoted	190,515	(987)	344,257	533,785	506,248
Less: revenue deferred to subsequent period	—	—	344,257	344,257	314,466
Less: amount repayable (recoverable)	190,515	—	—	190,515	196,514
<b>Excess of revenue over expenses</b>	<b>—</b>	<b>(987)</b>	<b>—</b>	<b>(987)</b>	<b>(4,732)</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

**North Lambton Community Health Centre****Statement of cash flows**

year ended March 31, 2023

	2023	2022
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	(987)	(4,732)
Non-cash transactions		
Amortization of capital assets	74,336	66,459
Amortization of deferred capital contributions	(74,336)	(66,459)
	(987)	(4,732)
Changes in non-cash working capital		
Short-term investments	(3,367)	(4,822)
Accounts receivable	(118,663)	256,448
Harmonized sales tax receivable	(33,155)	16,643
Prepaid expenses	(5,483)	(15,756)
Accounts payable and accrued liabilities	(42,241)	(27,931)
Payroll deductions and taxes payable	(556)	(108,700)
Funding repayable to MOH/LHIN	190,512	121,021
Deferred revenue and contributions	29,790	3,810
	15,850	235,981
Net change in cash	15,850	235,982
Cash, beginning of the year	959,706	723,724
<b>Cash, end of the year</b>	<b>975,556</b>	<b>959,706</b>

The accompanying notes to the financial statements are an integral part of this financial statement.



# North Lambton Community Health Centre

## Notes to the financial statements

March 31, 2023

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### 1. Purpose of the Organization

North Lambton Community Health Centre (The "Organization") is a community based organization providing a wide range of health services to residents of North, West and East Lambton. The Organization operates locations in Forest, and Kettle Point (North Lambton), Sarnia (West Lambton) and Watford (East Lambton) and is primarily funded by the Ontario Ministry of Health ("MOH") via the Ontario Health West ("OHW"). It is incorporated under the laws of the Province of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

The Mission Statement for the Organization is as follows:

"Working with our communities, we provide primary health care, health promotion, and community development, with a focus on people who face challenges to accessing care."

### 2. Significant accounting policies

#### *Basis of accounting*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### *Fund accounting*

The Organization follows the restricted fund method of accounting for contributions.

#### *Community Health Program Fund*

Revenues and expenses related to Community Health Centre program delivery and administrative activities are reported in the Community Health Program Fund, which includes MOH/OHW funding and the diabetes program.

#### *Capital Reserve Fund*

The Capital Reserve Fund reports the assets, liabilities, revenues and expenses related to the Organization's discretionary funds and fundraising activities.

#### *Other Programs Fund*

The Other Programs Fund reports assets, liabilities, revenues and expenses related to program and volunteer activities not funded by the MOH or the OHW and/or are funded from a different branch within the MOH.

#### *Revenue recognition*

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Unrestricted contributions and pledges are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

## North Lambton Community Health Centre

### Notes to the financial statements

March 31, 2023

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## 2. Significant accounting policies (continued)

### *Rental income*

The Organization rents part of its building facilities to other non-profit organizations that provide services to the community. The amount is fully refundable to the MOH/OHW if not spent.

### *Contributed services*

Volunteers contribute many hours per year to assist the Organization in carrying out its services. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

### *Income taxes*

The Organization is a charitable organization registered under the Income Tax Act (the "Act") and as such is exempt from income taxes and is permitted to issue donation receipts for income tax purposes. In order to maintain its status as a charitable organization registered under the Act, the Organization must meet certain requirements within the Act. In the opinion of management these requirements have been met.

### *Capital assets and amortization*

The Organization capitalizes all capital assets with a cost of \$5,000 or more. Amortization is provided at the following rates:

Building	50 years straight line basis
Building improvements	straight line basis over the remaining estimated life of the building
Leasehold improvements	straight line basis over the term of the lease and one renewal period where applicable
Equipment	5 years straight line basis
Computer equipment	5 years straight line basis
Medical equipment	5 years straight line basis
Vehicles	5 years straight line basis
Signage	5 years straight line basis

### *Deferred capital contributions*

Deferred capital contributions represent funds received by the Organization for capital asset purchases. Deferred capital contributions are amortized over the life of the corresponding capital asset.

## North Lambton Community Health Centre

### Notes to the financial statements

March 31, 2023

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## 2. Significant accounting policies (continued)

### *Use of estimates*

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates relate to the expected useful lives of capital assets in determining amortization, estimate of accrued liabilities and providing for amortization of deferred capital contributions.

### *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for investments in pooled funds and short-term securities, which are measured at fair value.

Interest earned on short term securities, unrealized gains and losses on pooled funds, and realized gains and losses on sale of pooled funds are included in investment income in the statement of operations and changes in fund balances.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes in net earnings an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

## 3. Short-term investments

Short-term investments consist of a guaranteed investment certificate bearing interest at 2.3% per annum and matures on September 1, 2023.

## 4. Bank line of credit

The Organization has negotiated a line of credit and a corporate Visa to facilitate cash flow requirements and business expenditures in the amount of \$100,000 and \$15,500 respectively. The credit bears interest at prime rate + 1% per annum and is due on demand.

The Organization has made a general assignment of accounts receivable and provided a general security agreement covering all assets other than real property. The organization had no amounts drawn on this facility at year-end (\$Nil in 2022).

## North Lambton Community Health Centre

### Notes to the financial statements

March 31, 2023

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#### 5. Due to Ministry of Health and Ontario Health West

Funding provided by the MOH/OHW in excess of current year expenditures is repayable by the Organization. At year-end, the balance of current and prior years' surpluses is shown below:

	2023	2022
	\$	\$
Opening balance	197,609	76,588
Deduct: repayments		(9,249)
Refundable surplus for the year		
Community Health Care - MOH/LHIN funded	190,000	107,499
Other funding	512	22,772
Total amount repayable	<u>388,121</u>	<u>197,609</u>

#### 6. Deferred revenue and contributions

Deferred revenue and contributions are restricted revenues and contributions, which have been received but relate to expenses of future periods.

#### 7. Deferred capital contributions

	2023	2022
	\$	\$
Balance beginning of the year	1,429,625	1,422,015
Contributions received during the year for capital purposes	32,605	74,069
	<u>1,462,230</u>	<u>1,496,084</u>
Amortization of deferred capital contributions	74,336	66,459
Balance, end of year	<u>1,387,894</u>	<u>1,429,625</u>

Deferred capital contributions represent the unamortized amount of funding received for the purchase of capital assets. The amortization of the deferred capital contributions is recorded as revenue in the statement of operations

#### 8. Internally restricted

The Organization's Board of Directors has internally restricted funds totaling \$217,716 (218,703 in 2022) for capital and other expenditures as approved by the Board at the time of use. There are no unrestricted net assets in either the current or prior year.

#### 9. Lease commitment

The Organization has entered into lease agreements for their premises at Sarnia, Watford and Kettle Point.

The Sarnia lease was renewed in 2020 for an additional five year term ending April 30, 2026 plus operating costs and tax payments that are adjusted annually.

The Watford lease was renewed in 2022 for an additional five year term ending March 31, 2027 plus operating costs and tax payments that are adjusted annually.

## North Lambton Community Health Centre

### Notes to the financial statements

March 31, 2023

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#### 9. Lease commitment (continued)

The Kettle Point lease runs on a month to month basis at a rate of \$4,228/month.

The following is the estimated obligation for the next five years and thereafter:

	Sarnia \$	Watford \$	Total \$
2024	201,826	9,900	211,726
2025	201,826	9,900	211,726
2026	201,826	9,900	211,726
2027	16,819	9,900	26,719
	<u>622,297</u>	<u>39,600</u>	<u>661,897</u>

In addition, the Organization has entered into other business lease agreements for various office equipment for greater than a one year period. The following is the estimated obligation for the next five years and thereafter:

	\$
2024	32,098
2025	22,825
2026	1,210
2027	1,210
Thereafter	1,320
	<u>90,753</u>

#### 10. Pension plan

Substantially all of the employees of the Organization are eligible to be members of the Hospitals of Ontario Pension Plan, which is a multi-employer final average pay contributory pension plan. As there is insufficient information to apply defined benefit plan accounting, defined contribution plan accounting has been used for the Organization. Employer contributions made to the plan during the fiscal year amounted to \$555,228 (\$529,508 in 2022) and are included in Wages, benefits and other compensation in the statement of operations. As at December 31, 2022 the Hospitals of Ontario Pension Plan had a surplus of \$10,953,000 (\$28,152,000 in 2021).

#### 11. Economic dependence

The Organization received 87.8% of its total revenue for the year ended March 31, 2023 (87.7% in 2022) from the OHW and MOH. Without the continued support of these funders it is unlikely that the Organization could continue to operate.

## **North Lambton Community Health Centre**

### **Notes to the financial statements**

March 31, 2023

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#### **12. Financial instruments**

##### *Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk on accounts receivable. Due to the nature of its operations, the Organization is exposed to limited credit risk from clients and/or agencies who fail to pay their fees. To reduce this risk, the Organization actively pursues collection of fees on a regular basis.

##### *Interest rate*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating activities.

##### *Liquidity risk*

Liquidity risk is the risk of being unable to meet a demand for cash or fund obligations as they come due. The Organization manages its liquidity risk by constantly monitoring forecasted and actual cash flow and financial liability maturities.

#### **13. Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

**North Lambton Community Health Centre**  
**Schedule 1**  
year ended March 31, 2023

	Cost			Accumulated amortization		Net book value	
	Opening balance	Additions	Closing balance	Opening balance	Closing balance	2023	2022
	\$	\$	\$	\$	\$	\$	\$
Capital assets							
Land	256,772	—	256,772	—	—	256,772	256,772
Building and building improvements	2,024,093	—	2,024,093	(957,590)	(40,965)	1,025,538	1,066,503
Leasehold improvements	1,074,965	—	1,074,965	(1,074,965)	—	—	—
Equipment	244,395	—	244,395	(244,395)	—	—	—
Computer equipment	131,264	26,600	157,864	(129,204)	—	28,660	2,060
Medical equipment	406,538	6,006	412,544	(374,378)	(19,557)	22,609	32,160
Vehicles	158,564	—	158,564	(86,435)	(17,814)	54,315	72,129
Signage	28,018	—	28,018	(28,018)	—	—	—
	<b>4,324,609</b>	<b>32,606</b>	<b>4,357,215</b>	<b>(2,894,984)</b>	<b>(74,336)</b>	<b>1,387,894</b>	<b>1,429,625</b>