

**The South Georgian Bay
Community Health Centres
Financial Statements**
For the year ended March 31, 2024

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Independent Auditor's Report

To the Board of Directors of The South Georgian Bay Community Health Centres

Opinion

We have audited the financial statements of The South Georgian Bay Community Health Centres (the "organization"), which comprise the statement of financial position as at March 31, 2024, and the statement of operations and net assets, and cash flows for the year 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, 2024, and its result 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 organization, 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.

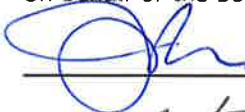
Chartered Professional Accountants, Licensed Public Accountants


Barrie, Ontario
June 21, 2024

The South Georgian Bay Community Health Centres Statement of Financial Position

March 31	2024	2023
Assets		
Current		
Cash and short-term investments (note 2)	\$ 1,641,306	\$ 1,796,896
Accounts receivable (note 3)	125,542	80,918
Prepaid expenses	337,265	324,989
	2,104,113	2,202,803
Capital Assets , at cost less accumulated amortization (note 4)	994,853	693,517
	\$ 3,098,966	\$ 2,896,320
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 328,507	\$ 287,471
Government remittances payable	73,758	74,687
Due to Ministry of Health (note 5)	350,887	230,914
Deferred contributions (note 7)	1,319,044	1,586,231
	2,072,196	2,179,303
Deferred Contributions Related to Capital Assets (note 8)	994,853	693,517
Commitments (note 9)		
Net Assets		
Unrestricted	31,917	23,500
	\$ 3,098,966	\$ 2,896,320

On behalf of the Board:


 _____ Director


 _____ Director

The South Georgian Bay Community Health Centres Statement of Operations and Net Assets

For the year ended March 31

2024

2023

Revenues		
Ministry of Health		
- base funding	\$ 2,954,011	\$ 2,964,266
- one-time funding	61,094	313,199
Waypoint Centre for Mental Health - Psychotherapy	326,238	369,524
Other	38,172	41,006
Interest	3,136	1,337
Amortization of deferred contributions related to capital assets (note 8)	2,001	10,492
Grants	-	61,631
	3,384,652	3,761,455
Expenses		
Clinic		
Amortization	1,492	1,491
Compensation	1,633,128	1,714,664
Contracted out services	157,898	363,142
Equipment	7,623	5,314
Sundry	31,175	119,316
Supplies	28,072	51,945
	1,859,388	2,255,872
Health Promotion		
Compensation	188,014	141,013
Contracted out services	71,472	44,169
Sundry	3,961	1,850
Supplies	5,131	5,301
	268,578	192,333
Self-Management		
Compensation	107,662	105,494
Professional	18,668	27,505
Sundry	13,046	18,457
Supplies	38,895	33,511
	178,271	184,967
Psychotherapy Program		
Compensation	298,048	335,932
Sundry	28,190	33,592
	326,238	369,524

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

The South Georgian Bay Community Health Centres Statement of Operations and Net Assets

For the year ended March 31	2024	2023
Expenses (continued)		
Administration		
Amortization	509	9,001
Buildings and grounds	219,695	217,165
Compensation	313,994	317,662
Contracted out services	81,085	80,785
Equipment	53,042	43,726
Sundry	56,553	62,921
Supplies	18,882	24,198
	743,760	755,458
Total expenses	3,376,235	3,758,154
Excess of revenues over expenses for the year	8,417	3,301
Net assets, beginning of year	23,500	20,199
Net assets, end of year	\$ 31,917	\$ 23,500

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

The South Georgian Bay Community Health Centres Statement of Cash Flows

For the year ended March 31	2024	2023
Cash flows from operating activities		
Excess of revenues over expenses for the year	\$ 8,417	\$ 3,301
Charges (credits) to operations not involving cash		
Amortization of deferred contributions related to capital assets	(2,001)	(10,492)
Amortization of capital assets	2,001	10,492
	<u>8,417</u>	<u>3,301</u>
Change in non-cash working capital balances related to operations		
Accounts receivable	(44,624)	(23,874)
Prepaid expenses	(12,276)	(878)
Accounts payable and accrued liabilities	41,036	(36,258)
Government remittances payable	(929)	40,350
Due to Ministry of Health	119,973	(132,746)
Deferred contributions	(267,187)	(317,238)
	<u>(155,590)</u>	<u>(467,343)</u>
Cash flows from investing activities		
Additions to capital assets	<u>(303,337)</u>	<u>(330,983)</u>
Cash flows from financing activities		
Increase in deferred contributions related to capital assets	<u>303,337</u>	<u>330,983</u>
Net decrease in cash and short-term investments during the year	(155,590)	(467,343)
Cash and short-term investments, beginning of year	<u>1,796,896</u>	<u>2,264,239</u>
Cash and short-term investments, end of year	\$ 1,641,306	\$ 1,796,896

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

The South Georgian Bay Community Health Centres Notes to the Financial Statements

March 31, 2024

1. Significant Accounting Policies

Nature of Organization

The South Georgian Bay Community Health Centres (the "organization") is an incorporated not-for-profit organization without share capital under the Corporations Act (Ontario). The purpose of the organization is to coordinate the operation of a community health care centre which facilitates the delivery of health care, wellness and promotion services to families in South Georgian Bay communities.

The organization is not subject to federal or provincial income taxes pursuant to exemptions accorded to charitable organizations in the income tax legislation.

Basis of Accounting

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

Capital Assets and Amortization

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot be reasonably determined, contributed assets are recorded at a nominal amount.

Amortization is provided on capital assets on the straight-line basis over their estimated useful lives as follows:

Cleaning equipment	10 years
Computer equipment	5 years
Leasehold improvements	2 to 4 years
Medical equipment	5 to 10 years
Office equipment	5 years

Assets under construction will be amortized on the straight-line basis upon completion of construction.

The South Georgian Bay Community Health Centres

Notes to the Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Revenue Recognition

The organization follows the deferral method of accounting for contributions which includes grants and government subsidies. Operating revenue, including grants and subsidies are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that future period.

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

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Interest income is recorded as revenue in the period earned. When interest income is subject to an external restriction to be used for a future period, it is deferred and recognized in that future period.

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 during the reporting period. The principal estimates used in the preparation of these financial statements are the estimated useful life of capital assets, the fair value of financial instruments and amounts due to Ministry of Health. Actual results could differ from management's best estimates as additional information becomes available in the future.

Pension Plan

The organization applies defined contribution plan accounting to its multi-employer defined benefit plan for which the organization has insufficient information to apply defined benefit plan accounting (see note 11).

The South Georgian Bay Community Health Centres

Notes to the Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Contributed Services

Directors, committee members and community members volunteer their time to assist in the organization's activities. While these services benefit the organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Impairment of Long Lived Assets

In the event that facts and circumstances indicate that the organization's long lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow is required. The organization considers that no circumstances exist that would require such an evaluation.

The South Georgian Bay Community Health Centres Notes to the Financial Statements

March 31, 2024

2. Cash and Short-term Investments

The organization's bank accounts are held at a chartered bank. The bank accounts earn interest at a variable rate. Included in cash and short-term investments are the following investments:

	2024	2023
Guaranteed Investment Certificate, Bank of Nova Scotia, 4.25% interest, maturity date of February 21, 2025	\$ 766,107	\$ -
Guaranteed Investment Certificate, Bank of Nova Scotia, 4.25% interest, maturity date of February 21, 2025	108,345	-
Guaranteed Investment Certificate, Bank of Nova Scotia, 3.50% interest, maturity date of December 14, 2023	-	1,134,029
Accrued interest receivable	3,982	12,443
	\$ 878,434	\$ 1,146,472

The carrying value plus accrued interest of the above investments approximates market value at March 31, 2024.

3. Accounts Receivable

Included in accounts receivable are government remittances recoverable of \$50,794 (2023 - \$53,214).

The South Georgian Bay Community Health Centres Notes to the Financial Statements

March 31, 2024

4. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Cleaning equipment	\$ 8,773	\$ 8,773	\$ 8,773	\$ 8,773
Computer equipment	89,170	89,170	89,170	89,170
Leasehold improvements	210,683	210,683	210,683	210,683
Medical equipment	55,182	54,437	55,182	52,946
Office equipment	153,193	147,590	147,081	147,080
Assets under construction	988,505	-	691,280	-
	\$ 1,505,506	\$ 510,653	\$ 1,202,169	\$ 508,652
Net book value		\$ 994,853		\$ 693,517

Assets under construction are expenses related to the upcoming construction of a new building (note 6). Amortization of these costs will commence upon completion of construction.

5. Due to Ministry of Health

The organization receives funding from the Ministry of Health. The amount of funding provided to the organization is subject to final review and approval by the Ministry. As at the date of these financial statements, funding for the periods April 1, 2021 to March 31, 2022, April 1, 2022 to March 31, 2023 and April 1, 2023 to March 31, 2024 have not been subject to this review process. Any future adjustments required as a result of this review will be accounted for in the year the adjustment is determined.

6. Capital Project

In an agreement dated April 29, 2013, the organization received approval from the Ministry of Health for capital funding up to \$6,107,900 for the purchase of land and construction of a building. As at March 31, 2024, the organization has received \$1,832,370 of this funding and \$260,000 of one-time funding. The most recent total costs of this project are expected to be approximately \$14,000,000. The organization has incurred \$988,505 (2023 - \$691,280) (see note 4) of expenses relating to this project. In 2015 and 2016, the organization made deposits totaling \$306,000 to secure the purchase of land (see note 9). The total deposit of \$306,000 is recorded in prepaid expenses in the statement of financial position as at March 31, 2024. The Ministry of Health will be working with the organization throughout its capital project, with an expected completion date of 2026.

The South Georgian Bay Community Health Centres Notes to the Financial Statements

March 31, 2024

7. Deferred Contributions

Deferred contributions primarily represent the unspent externally restricted contributions received from the Ministry of Health for the purchase of land and the construction of the building (note 6). Amounts transferred to deferred contributions related to capital assets consists of capital purchases for the capital project.

	2024	2023
<u>Contributions related to the capital project</u>		
Balance, beginning of year	\$ 1,540,427	\$ 1,856,603
Interest income on contributions received related to the construction of the new building	28,888	14,807
Amounts transferred to deferred contributions related to capital assets (note 8)	<u>(297,225)</u>	<u>(330,983)</u>
	<u>1,272,090</u>	<u>1,540,427</u>
<u>Other contributions</u>		
Balance, beginning of year	45,804	46,866
Contributions received	1,610	61,713
Amounts recognized as revenue in the year	<u>(460)</u>	<u>(62,775)</u>
	<u>46,954</u>	<u>45,804</u>
	<u>\$ 1,319,044</u>	<u>\$ 1,586,231</u>

8. Deferred Contributions Related to Capital Assets

Deferred contributions represent the unamortized amount of grants and restricted donations received to be used in the purchase of certain assets or in the settlement of certain obligations. The amortization of these contributions is recorded as revenue in the statement of operations.

	2024	2023
Balance, beginning of year	\$ 693,517	\$ 373,026
Contributions received for the purchase of capital assets	6,112	-
Amounts transferred from deferred contributions related to the capital project (note 7)	297,225	330,983
Amounts amortized to revenue	<u>(2,001)</u>	<u>(10,492)</u>
Balance, end of year	<u>\$ 994,853</u>	<u>\$ 693,517</u>

The South Georgian Bay Community Health Centres Notes to the Financial Statements

March 31, 2024

9. Commitments

The organization entered into an agreement to lease premises in Wasaga Beach for \$14,113 plus HST per month. This lease has an expiry date of August 2025.

The organization entered into a contract for maintenance and support services beginning April 1, 2014 for the new electronic medical record system. This agreement will automatically renew on a yearly basis and will remain in force until either party terminates the agreement. The fee for the current renewal term is \$2,067 plus HST per month.

Effective April 1, 2024, the organization entered into an agreement with Collingwood General and Marine Hospital (CGMH) to provide financial accounting and payroll, human resources, and information technology services. This agreement extends to March 31, 2025. Fees for finance and human resource services will be equal to 2% of annual operating funding (which starts at \$5,555 per month), plus an additional amount of \$1,900 in fees per month for IT services.

The organization entered into a contract in January 2014 for architect services relating to their capital project (see note 6) at a fee equal to 1% of the approved tendered construction cost for phase 2 of the project and 8% of the approved tendered construction cost for the remaining phases of the five phase project. For the year ended March 31, 2024, \$172,917 (2023 - \$303,098) was paid related to this agreement.

The organization entered into two contracts in September 2020 and December 2020 for engineering services to complete geotechnical, environmental and hydrogeological studies. The total contracted amount is \$40,170. The remaining balance on the contract as at March 31, 2024 is \$8,743.

During fiscal 2015, the organization signed an agreement to purchase property in Wasaga Beach for a purchase price of \$1,066,032 plus HST related to their capital project (see note 6). In fiscal 2023, this agreement was amended and the purchase price increased to \$1,650,000 plus HST. As at March 31, 2024, the organization has paid a deposit on this property of \$306,000 which is included in prepaid expenses on the statement of financial position. The closing date of this agreement was scheduled for March 28, 2024, but it was extended for another 120 days and is conditional on the Ministry of Health's approval.

The South Georgian Bay Community Health Centres Notes to the Financial Statements

March 31, 2024

10. Economic Dependence

The organization received 89.1% (2023 - 87.4%) of its revenue from the Ministry of Health.

11. Pension Plan

All permanent employees of the organization are members of the Healthcare of Ontario Pension Plan which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Healthcare of Ontario Pension Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the percentage of salary contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

The Plan provides pension services to more than 460,381 active and retired members and approximately 677 employers. The Plan is a multi-employer plan and therefore the organization's contributions are accounted for as if the Plan were a defined contribution plan with the organization's contributions being expensed in the period they come due. Each year, an independent actuary determines the funding status of the Plan 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, 2023 disclosed a surplus of \$10,181 million (2022 - \$10,953 million). The results of this valuation disclosed total actuarial liabilities and pension obligations of \$193,575 million (2022 - \$174,144 million) in respect of benefits accrued for service with actuarial assets at that date of \$203,756 million (2022 - \$185,097 million). Because the Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario member organizations and their employees. As a result, the organization does not recognize any share of the Plan surplus or deficit.

Employer contributions made to the Plan during the year by the organization amount to \$188,378 (2023 - \$189,391) and is included in compensation expense.

The South Georgian Bay Community Health Centres

Notes to the Financial Statements

March 31, 2024

12. Financial Instrument Risk

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 organization is not exposed to significant interest rate risk due to the short-term maturity of the organization's monetary assets and current liabilities.

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 organization is exposed to credit risk arising from its accounts receivable. Credit risk is the risk that the counterparty to the transaction will not pay. The majority of the organization's receivables are from government sources and the organization works to ensure they meet all eligibility criteria in order to qualify to receive the funding. In addition, the organization is also exposed to credit risk arising from its bank and investment accounts being held at financial institutions in excess of the amount insured by agencies of the federal government in the amount of \$100,000.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, government remittances payable and amounts due to Ministry of Health.

There have been no changes to the organization's financial instrument exposure from the prior year.
