

Financial Statements of

**COMMUNITY CARE
NORTHUMBERLAND**

And Independent Auditor's Report thereon

Year ended March 31, 2022



KPMG LLP
863 Princess Street, Suite 400
Kingston ON K7L 5N4
Canada
Tel 613-549-1550
Fax 613-549-6349

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Community Care Northumberland

Qualified Opinion

We have audited the financial statements of Community Care Northumberland (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effect of the matter described in the "***Basis for Qualified Opinion***" section of our report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we, and the predecessor auditor, were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at March 31, 2022 and March 31, 2021
- the fundraising and donations revenues and excess of revenue over expenses reported in the statements of operations for the years ended March 31, 2022 and March 31, 2021



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- the unrestricted net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended March 31, 2022 and March 31, 2021
- the excess of revenue over expenses reported in the statements of cash flows for the years ended March 31, 2022 and March 31, 2021.

The predecessor auditor's opinion on the financial statements for the year ended March 31, 2021 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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 qualified opinion.

Other Matter

The financial statements of the Entity as at and for the year ended March 31, 2021 were audited by another auditor who expressed a qualified opinion on those statements on June 24, 2021 due to the matter described in the "**Basis for Qualified Opinion**" section.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
Kingston, Canada
June 20, 2022

COMMUNITY CARE NORTHUMBERLAND

Statement of Financial Position

March 31, 2022, with comparative information for 2021

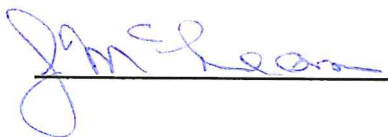
	2022	2021
Assets		
Current assets:		
Cash	\$ 1,897,521	\$ 1,209,387
Accounts receivable	121,896	310,401
HST receivable	44,886	117,764
Prepaid expenses	26,876	40,885
	<u>2,091,179</u>	<u>1,678,437</u>
Investments (note 3)	137,610	268,200
Tangible capital assets (note 4)	7,593,780	8,021,373
	<u>\$ 9,822,569</u>	<u>\$ 9,968,010</u>

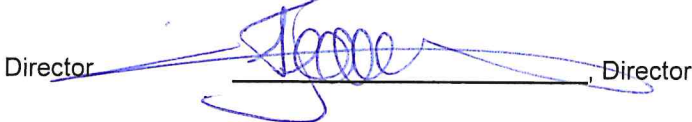
Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 194,959	\$ 188,749
Accounts payable – Ontario Health (note 5)	130,719	130,712
Government remittances (note 6)	75,039	63,171
Deferred revenue (note 7)	778,128	206,626
Long term debt (note 9)	–	600,000
	<u>1,178,845</u>	<u>1,189,258</u>
Deferred capital contributions (note 8)	7,593,780	7,757,174
	<u>8,772,625</u>	<u>8,946,432</u>
Net assets:		
Unrestricted	1,049,944	1,021,578
Economic dependence (note 11)		
Commitments and contingencies (note 12)		
	<u>\$ 9,822,569</u>	<u>\$ 9,968,010</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:


_____, Director


_____, Director

COMMUNITY CARE NORTHUMBERLAND

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Ontario Health	\$ 2,849,891	\$ 2,345,150
Fundraising and donations	1,041,507	777,661
Programs	647,983	462,785
Other grants	388,009	330,139
Amortization of deferred capital contributions	435,105	265,522
Interest	13,010	18,536
Other revenue (note 10)	62,844	239,143
	<u>5,438,349</u>	<u>4,438,936</u>
Expenses:		
Salaries and benefits	3,396,215	2,787,917
Program related expenses	740,655	529,359
Amortization	435,105	273,925
Building occupancy	249,289	241,360
Purchased services	191,266	133,296
Office	168,894	189,794
Fundraising and donations	46,776	29,033
Insurance	42,929	26,557
Association fees	30,698	12,674
Professional fees	30,215	45,996
Training	22,856	11,329
Bank charges and interest	20,117	23,384
Publicity and promotion	11,511	15,294
Program supplies	11,202	14,955
Travel	10,367	24,863
Volunteer training and expenses	1,888	3,622
	<u>5,409,983</u>	<u>4,363,358</u>
<u>Excess of revenue over expenses</u>	<u>\$ 28,366</u>	<u>\$ 75,578</u>

See accompanying notes to financial statements.

COMMUNITY CARE NORTHUMBERLAND

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	Unrestricted	2022 Total	2021 Total
Net assets, beginning of year	\$ 1,021,578	\$ 1,021,578	\$ 946,000
Excess of revenue over expenses	28,366	28,366	75,578
Interfund transfer	-	-	-
Net assets, end of year	\$ 1,049,944	\$ 1,049,944	\$ 1,021,578

COMMUNITY CARE NORTHUMBERLAND

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses	\$ 28,366	\$ 75,578
Items not involving cash:		
Amortization	435,105	273,925
Amortization of deferred capital contributions	(435,105)	(265,522)
Change in non-cash operating working capital:		
Accounts receivable	188,505	(77,139)
HST receivable	72,878	136,366
Prepaid expenses	14,009	(33,615)
Accounts payable and accrued liabilities	6,210	(600,769)
Government remittances	11,868	28,402
Accounts payable – Ontario Health	7	(16,205)
Deferred grant revenue	571,502	165,848
	893,345	(313,131)
Investing activities:		
Decrease in investments	130,590	1,591,515
Purchase of capital assets	(7,512)	(3,897,366)
		(2,305,851)
Financing activities:		
Issuance (repayment of) long-term debt	(600,000)	600,000
Net deferred capital contributions received	271,711	2,036,268
	(328,289)	2,636,268
Increase in cash	688,134	17,286
Cash, beginning of year	1,209,387	1,192,101
Cash, end of year	\$ 1,897,521	\$ 1,209,387

See accompanying notes to financial statements.

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements

Year ended March 31, 2022

1. Purpose of the Organization:

Community Care Northumberland (the "Organization") operates programs in Northumberland County to provide community based support services to persons with dependencies related to aging and physical disability and to their caregivers. Community Care Northumberland was incorporated on August 22, 1988 under the laws of the Province of Ontario as a not-for-profit corporation without share capital.

The Organization is registered as a charitable organization under the Income Tax Act of Canada and as such is exempt from income taxes and has the authority to issue donation receipts for income tax purposes.

On September 3, 2020, Community Care Northumberland officially opened the Northumberland Hospice Care Centre (NHCC) which the organization plans to operate going forward.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Significant aspects of the accounting policies adopted by the Organization are as follows:

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions.

Unrestricted grants, fundraising and donations, interest and other revenue are reported as income when received.

Funding from government sources is recognized as related costs are incurred, up to approved maximum funding levels.

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

(b) Contributed materials and services:

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(c) Tangible capital assets:

Capital assets are recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Vehicles	4 years
Equipment and furniture	10 years
Leasehold improvements	10 years
Buildings	20 years

The carrying value of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount is not recoverable and exceeds its fair value. Capital assets have been reviewed for full or partial impairment. Management has determined there are none.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to subsequently carry its financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(e) 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 revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Investments:

Investments consist of guaranteed investment certificates, with maturities ranging from April 2022 to May 2025, earning interest from 1.35% to 3.31% per annum. Market value is estimated to be equal to cost plus accrued interest.

4. Capital assets:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	\$ 236,188	\$ –	\$ 236,188	\$ 236,188
Buildings	7,638,497	604,714	7,033,783	7,415,707
Equipment and furniture	740,625	477,523	263,102	285,743
Vehicles	636,705	584,525	52,180	71,154
Leasehold improvements	42,050	33,523	8,527	12,581
	<u>\$ 9,294,065</u>	<u>\$ 1,700,285</u>	<u>\$ 7,593,780</u>	<u>\$ 8,021,373</u>

Cost and accumulated amortization of tangible capital assets as at March 31, 2021 amounted to \$9,285,766 and \$1,264,393, respectively.

5. Accounts payable – Ontario Health:

Funding received from the Ontario Health for program administration exceeded expenditures, resulting in a payable of \$130,719 (2021 - \$130,712).

Of this amount, \$13,550 was received in the current year that is required to be repaid. The remaining amount applies to prior year repayable balances.

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2022

6. Government remittances:

	2022	2021
Payroll deductions payable	\$ 72,282	\$ 60,553
Workplace Safety and Insurance Board	2,757	2,618
	\$ 75,039	\$ 63,171

7. Deferred revenue:

	Balance beginning of year	Received in year	Recognized as revenue in year	Balance end of year
Northumberland Enhanced Rural	\$ 3,974	\$ 22,000	\$ 21,884	\$ 4,090
Cookie FR	-	1,940	-	1,940
Hospice	7,446	-	3,800	3,646
Ministry of Transportation	110,320	108,250	204,261	14,309
Northumberland Hospice Care Centre	-	821,240	180,769	640,471
Seniors Grant	11,343	-	11,343	-
Transportation	21,043	347,399	254,770	113,672
NHCC deferred provincial funding	52,500	-	52,500	-
	\$ 206,626	\$ 1,300,829	\$ 729,327	\$ 778,128

8. Deferred capital contributions:

	2022	2021
Deferred contributions related to Northumberland Hospice Care Centre	\$ 7,526,831	\$ 7,664,800
Deferred contributions related to capital assets	66,949	92,374
	\$ 7,593,780	\$ 7,757,174

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2022

9. Long term debt:

The long-term debt consists of a credit facility secured by a general security agreement constituting a first ranking security interest in all property of the organization and a collateral mortgage in the amount of \$2,200,000 constituting a first fixed charge on the project lands.

The outstanding balance at March 31, 2022 was \$Nil (2021 - \$600,000) as this loan was repaid during the year.

There were no fixed terms of repayment and repayments could be made at any point. Interest was charged at bank prime plus Nil% (2021 - Nil%) on a monthly basis.

10. Other revenue:

In 2021, the Organization received a significant amount of other revenue in the year related to COVID-19 funding. The breakdown is as follows:

	2022	2021
Canada Emergency Wage Subsidy	\$ -	\$ 94,375
Ontario Community Support Association	58,315	60,982
United Way	-	32,649
Cameco	-	19,400
Campbellford/Seymour Community Foundation	4,529	4,920
Other	-	26,817
	<hr/> \$ 62,844	<hr/> \$ 239,143

11. Economic dependence:

The organization receives 52.4% (2021 – 52.8%) of its funding from the Province of Ontario through the Ontario Health Network, and, in this respect, is economically dependent upon the Province for continued support.

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2022

12. Commitments and contingencies:

- (a) The organization has entered into various lease agreements for office space for various terms extending to May 2027 and requiring monthly payments ranging from \$600 to \$3,549 plus operating costs per month. Leases for office equipment have been entered into for terms extending to March 2023 and requiring monthly payments ranging from \$53 to \$178. Minimum payments required under the various lease agreements are as follows:

2023	\$	171,256
2024		154,105
2025		113,131
2026		105,078
2027		53,742
	\$	597,312

The Organization has an agreement with Campbellford Memorial Hospital for the hospital to provide administrative, accounting, financial, and information technology services for an annual cost of \$137,000 plus applicable taxes. The contract agreement is for a three year term ending March 31, 2024, with a mutual option to extend for another three years.

- (b) Healthcare Insurance Reciprocal of Canada:

The Corporation became a member of the Healthcare Insurance Reciprocal of Canada ("HIROC") on April 1, 2014. HIROC is registered as a Reciprocal pursuant to Provincial Insurance Acts, which permits persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage of health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2022.

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2022

12. Commitments and contingencies:

(b) Healthcare Insurance Reciprocal of Canada (continued):

Since its inception in 1987, HIROC has accumulated an un-appropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the un-appropriated surplus at the time such distributions are declared by the Board of Directors of HIROC. There are no distributions to or receivables from HIROC as of March 31, 2022.

13. Impact of COVID-19:

In March 2020, the Province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of the coronavirus disease. The Organization's operations were scaled back considerably in response to the quarantine measures implemented by the provincial government to stop the spread of the virus.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Organization's operations will be impacted. Consequently, at the time of issuance of these financial statements, the effect that the abrupt decline in economic activity will have on the Organization's operations, assets, liabilities, revenues and expenses are not yet known.

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2022

14. Risk management:

In the normal course of operations, the Organization is exposed to a variety of financial risks which are actively managed by the Organization.

The Organization's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. The fair values of cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

(a) Credit risk:

The Organization provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, a review of outstanding amounts and maintains provisions for estimates of uncollectible amounts. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not considered collectible in an allowance for doubtful accounts. The balance in the allowance for doubtful accounts as at March 31, 2022 is \$Nil (2021 - \$Nil).

There have been no significant changes to the credit risk exposure from 2021.

(b) Liquidity risk:

Liquidity risk is the risk that the organization cannot meet its debts when they become due. The Organization's management manages this risk by reviewing its expected future cash flow requirements and by maintaining cash reserves.

There have been no significant changes to the liquidity risk exposure from 2021.

(c) Interest rate risk:

Interest rate risk is the risk that the company has interest rate exposure on its credit facility, which is variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The Organization reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates.

There have been no significant changes to the liquidity risk exposure from 2021.

15. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

COMMUNITY CARE NORTHUMBERLAND

Schedule 1 – Schedule of Statement of Operations for Northumberland Hospice Care Centre

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Ministry funding	\$ 921,494	\$ 427,468
Fundraising and donations	672,697	413,350
Amortization of deferred capital contributions	411,350	231,552
Grants	4,289	–
Interest and other	357	7,446
	<u>2,010,187</u>	<u>1,079,816</u>
Expenses:		
Salaries and benefits	1,298,275	641,235
Amortization	411,350	239,954
Programs	219,976	132,637
Travel	408	280
Professional fees	5,474	12,985
Fundraising and donations	30,633	5,004
Loan interest	4,833	10,136
Occupancy	39,238	37,585
	<u>2,010,187</u>	<u>1,079,816</u>
Excess of revenue over expenses	<u>\$ –</u>	<u>\$ –</u>

See accompanying notes to financial statements.