

Financial Statements of

**COMMUNITY CARE
NORTHUMBERLAND**

And Independent Auditor's Report thereon

Year ended March 31, 2023

INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, 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 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, 2023 and March 31, 2022
- the fundraising and donations revenues and excess of revenue over expenses reported in the statements of operations for the years ended March 31, 2023 and March 31, 2022

- 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, 2023 and March 31, 2022
- the excess of revenue over expenses reported in the statements of cash flows for the years ended March 31, 2023 and March 31, 2022.

Our auditor's opinion on the financial statements for the year ended March 31, 2022 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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.

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.

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 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 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 Entity 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.
- 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

Kingston, Canada

(date)

COMMUNITY CARE NORTHUMBERLAND

Statement of Financial Position

March 31, 2023, with comparative information for 2022

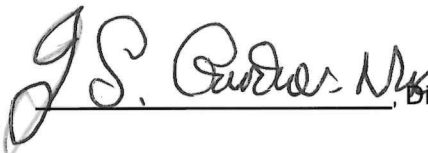
	2023	2022
Assets		
Current assets:		
Cash	\$ 1,836,322	\$ 1,897,521
Accounts receivable	657,435	121,896
HST receivable	68,276	44,886
Prepaid expenses	38,579	26,876
	<u>2,600,612</u>	<u>2,091,179</u>
Investments (note 3)	76,873	137,610
Capital assets (note 4)	7,295,215	7,593,780
	<u>\$ 9,972,700</u>	<u>\$ 9,822,569</u>

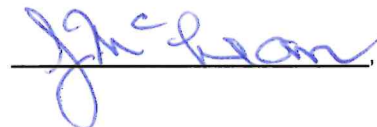
Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 303,569	\$ 194,959
Accounts payable – Ontario Health (note 5)	196,738	130,719
Government remittances (note 6)	38,371	75,039
Deferred revenue (note 7)	962,244	778,128
	<u>1,500,922</u>	<u>1,178,845</u>
Deferred capital contributions (note 8)	7,295,215	7,593,780
Net assets:		
Unrestricted	1,176,563	1,049,944
Economic dependence (note 9)		
Commitments and contingencies (note 10)		
	<u>\$ 9,972,700</u>	<u>\$ 9,822,569</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, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Ontario Health	\$ 2,889,559	\$ 2,849,891
Fundraising and donations	1,515,069	1,041,507
Programs	739,629	647,983
Other grants	511,683	388,009
Amortization of deferred capital contributions	453,122	435,105
Interest	49,755	13,010
Other revenue	16,617	62,844
	6,175,434	5,438,349
Expenses:		
Salaries and benefits	3,818,200	3,396,215
Program related expenses	893,589	740,655
Amortization	453,122	435,105
Building occupancy	226,247	249,289
Purchased services	198,295	191,266
Office	144,716	168,894
Fundraising and donations	68,439	46,776
Insurance	44,833	42,929
Association fees	48,379	30,698
Professional fees	27,032	30,215
Training	28,848	22,856
Bank charges and interest	19,725	20,117
Publicity and promotion	23,636	11,511
Program supplies	23,081	11,202
Travel	20,010	10,367
Volunteer training and expenses	10,663	1,888
	6,048,815	5,409,983
Excess of revenue over expenses	\$ 126,619	\$ 28,366

See accompanying notes to financial statements.

COMMUNITY CARE NORTHUMBERLAND

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Unrestricted	2023 Total	2022 Total
Net assets, beginning of year	\$ 1,049,944	\$ 1,049,944	\$ 1,021,578
Excess of revenue over expenses	126,619	126,619	28,366
Interfund transfer	—	—	—
Net assets, end of year	\$ 1,176,563	\$ 1,176,563	\$ 1,049,944

COMMUNITY CARE NORTHUMBERLAND

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses	\$ 126,619	\$ 28,366
Items not involving cash:		
Amortization	453,122	435,105
Amortization of deferred capital contributions	(453,122)	(435,105)
Change in non-cash operating working capital:		
Accounts receivable	(535,539)	188,505
HST receivable	(23,390)	72,878
Prepaid expenses	(11,703)	14,009
Accounts payable and accrued liabilities	108,610	6,210
Government remittances	(36,668)	11,868
Accounts payable – Ontario Health	66,019	7
Deferred revenue	184,116	571,502
	(121,936)	893,345
Investing activities:		
Decrease in investments	60,737	130,590
Purchase of capital assets	(154,557)	(7,512)
	(93,820)	123,078
Financing activities:		
Repayment of long-term debt	–	(600,000)
Net deferred capital contributions received	154,557	271,711
	154,557	(328,289)
Change in cash	(61,199)	688,134
Cash, beginning of year	1,897,521	1,209,387
Cash, end of year	\$ 1,836,322	\$ 1,897,521

See accompanying notes to financial statements.

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements

Year ended March 31, 2023

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) to provide high quality palliative care.

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, 2023

2. Significant accounting policies (continued):

(c) 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, 2023

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:

The investments consist of guaranteed investment certificates, with terms ranging from 2 months to 5 years, maturing from May 2023 to March 2028, and yielding interest from 1.5% to 3.4%. Market value is estimated to be equal to cost plus accrued interest.

4. Capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 236,188	\$ —	\$ 236,188	\$ 236,188
Buildings	7,638,497	986,639	6,651,858	7,033,783
Equipment and furniture	797,085	514,244	282,841	263,102
Vehicles	733,803	615,637	118,166	52,180
Leasehold improvements	42,050	35,888	6,162	8,527
	<u>\$ 9,447,623</u>	<u>\$ 2,152,408</u>	<u>\$ 7,295,215</u>	<u>\$ 7,593,780</u>

Cost and accumulated amortization of tangible capital assets as at March 31, 2022 amounted to \$9,294,065 and \$1,700,285, respectively.

5. Accounts payable – Ontario Health:

Funding received from the Ontario Health for program administration exceeded expenditures, resulting in a payable of \$196,738 (2022 - \$130,719).

Of this amount, \$66,019 (2022 - \$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, 2023

6. Government remittances:

	2023	2022
Payroll deductions payable	\$ 38,371	\$ 72,282
Workplace Safety and Insurance Board	—	2,757
	\$ 38,371	\$ 75,039

7. Deferred revenue:

Deferred grants represent the portion of externally restricted funds received that have not been utilized at year-end. Changes in the deferred grants balance are as follows:

	Balance beginning of year	Received in year	Recognized as revenue in year	Balance end of year
Northumberland Enhanced Rural	\$ 4,090	\$ 27,333	\$ (24,298)	\$ 7,125
Cookie FR	1,940	—	(1,940)	—
Hospice	3,646	—	—	3,646
Ministry of Transportation	14,309	46,028	(33,474)	26,863
Ed's House Hospice Care Centre	640,471	877,711	(746,021)	772,161
OCSA MOW	—	26,000	(26,000)	—
Transportation	113,672	201,329	(186,568)	128,433
OTF	—	57,100	(46,162)	10,938
Good Companions – Senior Centre without Walls	—	8,000	(4,086)	3,914
General donations – Wellness	—	2,000	(336)	1,664
Petro Canada Caremakers for MOW and TR	—	7,500	—	7,500
Estate of Cecile Marie Alice Berry	—	200,000	(200,000)	—
Estate of Hazel Jean Flicker	—	68,000	(68,000)	—
Unsolicited donations	—	21,675	(21,675)	—
	\$ 778,128	\$ 1,542,676	\$ (1,358,560)	\$ 962,244

8. Deferred capital contributions:

	2023	2022
Deferred contributions related to Northumberland Hospice Care Centre	\$ 7,144,141	\$ 7,526,831
Deferred contributions related to capital assets	151,074	66,949
	\$ 7,295,215	\$ 7,593,780

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2023

9. Economic dependence:

The Organization receives 43% (2022 - 52%) of its funding from the Province of Ontario through the Ontario Health, and, in this respect, is economically dependent upon the Province.

10. 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 \$904 to \$3,066 plus operating costs per month. Minimum payments required under the various lease agreements are as follows:

2024	\$	144,707
2025		123,388
2026		55,252
2027		10,501
2028		3,138
		\$ 336,986

- (b) The Organization has an agreement with Campbellford Memorial Hospital (the "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.

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2023

10. Commitments and contingencies (continued):

(c) 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, 2023.

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, 2023.

11. Ed's House Northumberland Hospice Care Centre Foundation:

During fiscal 2022, Ed's House Northumberland Hospice Care Centre Foundation (the "Foundation") was established to foster ongoing philanthropy and raise funds for the ongoing support of the Organization's Northumberland Hospice Care Centre. The Foundation delivers this mandate primarily through fundraising activities.

The Foundation is a registered charity and as such, is exempt from income taxes.

The Organization shares common Board representation with the Foundation.

Results from the Foundation have not been consolidated in the Organization's financial statements.

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2023

11. Ed's House Northumberland Hospice Care Centre Foundation (continued):

A summary of the unaudited financial statements of the Foundation at March 31, 2023 are as follows:

	2023	2022
Statement of Financial Position:		
Assets	\$ 844,327	\$ –
Liabilities	59,310	291
Net assets	\$ 785,017	\$ (291)
	2023	2022
Statement of Operations:		
Revenue	\$ 819,210	\$ –
Expenses	26,580	291
Net earnings	\$ 785,308	\$ (291)
	2023	2022
Statement of Cash Flows:		
Cash from operations	\$ 819,210	\$ –
Cash from financing activities	–	–
Cash from investing activities	–	–
Increase in cash	\$ 819,210	\$ –

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2023

12. 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.

(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, 2023 is \$Nil (2022 - \$Nil).

There have been no significant changes to the credit risk exposure from 2022.

(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 2022.

(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 2022.

COMMUNITY CARE NORTHUMBERLAND

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

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Ontario Health	\$ 902,706	\$ 921,494
Fundraising and donations	888,888	672,697
Amortization of deferred capital contributions	414,534	411,350
Grants	4,200	4,289
Interest and other	17,712	357
	2,228,040	2,010,187
Expenses:		
Salaries and benefits	1,378,164	1,298,275
Amortization	414,534	411,350
Programs	326,444	219,976
Travel	1,985	408
Professional fees	5,526	5,474
Fundraising and donations	48,981	30,633
Repairs and maintenance	20,747	-
Loan interest	-	4,833
Occupancy	31,659	39,238
	2,228,040	2,010,187
Excess of revenue over expenses	\$ -	\$ -

See accompanying notes to financial statements.