# OUR HEALTH CENTRE ASSOCIATION

**Financial Statements**

**Year Ended March 31, 2023**

Belliveau Veinotte Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

Member of The AC Group of Independent Accounting Firms

# OUR HEALTH CENTRE ASSOCIATION
## Index to Financial Statements
## Year Ended March 31, 2023

Belliveau Veinotte Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

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# INDEPENDENT AUDITOR'S REPORT

To the Members of Our Health Centre Association

*Qualified Opinion*

We have audited the financial statements of Our Health Centre Association (the Association), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects 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 Association as at March 31, 2023, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Basis for Qualified Opinion*

In common with many charitable organizations, the Association derives revenue from donation and fundraising activities the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, deficiency of revenue over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation of 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 report. We are independent of the Association 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

Belliveau Veinotte Inc.

CHARTERED PROFESSIONAL ACCOUNTANTS

Bridgewater, Nova Scotia
June 15, 2023

**OUR HEALTH CENTRE ASSOCIATION**
**Statement of Financial Position**
**March 31, 2023**

| | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| Current | | |
| Cash and cash equivalents | $ **228,036** | $ 174,867 |
| Accounts receivable | **27,083** | 23,265 |
| HST recoverable *(Note 4)* | **15,765** | 145,542 |
| Prepaid expenses | **8,700** | 8,028 |
| | **279,584** | 351,702 |
| Capital assets *(Note 6)* | **3,913,587** | 3,968,130 |
| Restricted cash and cash equivalents *(Note 5)* | **50,000** | 50,000 |
| | $ **4,243,171** | $ 4,369,832 |
| **LIABILITIES** | | |
| Current | | |
| Amounts payable and accrued liabilities | $ **40,244** | $ 20,561 |
| Employee deductions payable | **10,319** | 3,152 |
| Deferred revenue *(Note 7)* | **9,773** | 21,813 |
| Current portion of long term debt *(Note 8)* | **147,393** | 117,537 |
| | **207,729** | 163,063 |
| Long term debt *(Note 8)* | **-** | 40,000 |
| Deferred contributions related to capital assets *(Note 9)* | **3,037,012** | 3,126,336 |
| | **3,244,741** | 3,329,399 |
| **NET ASSETS** | | |
| Unrestricted | **179,248** | 266,176 |
| Investment in capital assets | **769,182** | 724,257 |
| Externally restricted *(Note 5)* | **50,000** | 50,000 |
| | **998,430** | 1,040,433 |
| | $ **4,243,171** | $ 4,369,832 |

CONTINGENT LIABILITY *(Note 10)*

**ON BEHALF OF THE BOARD**

Director

Director

See accompanying notes to the financial statements

Belliveau Veinotte Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

| | | 2023 | | 2022 |
|---|---|---|---|---|
| **DONATION AND FUNDRAISING REVENUE** | | | | |
| Donations | $ | **24,059** | $ | 16,706 |
| Amortization of deferred contributions *(Note 9)* | | **89,324** | | 89,324 |
| | | **113,383** | | 106,030 |
| **OPERATING AND OTHER REVENUE** | | | | |
| Rental | | **212,613** | | 258,509 |
| Walk in clinic | | **40,799** | | 15,898 |
| Grants | | **88,152** | | 94,994 |
| Government wage subsidy | | **-** | | 14,134 |
| CEBA loan forgiveness *(Note 8)* | | **-** | | 10,000 |
| Memberships | | **1,359** | | 1,229 |
| Interest income | | **9,215** | | 157 |
| | | **352,138** | | 394,921 |
| **OPERATING AND ADMINISTRATIVE EXPENSES** | | | | |
| Advertising and promotion | | **2,836** | | 463 |
| Amortization | | **115,315** | | 115,532 |
| Building operations *(Schedule 1)* | | **130,168** | | 110,422 |
| Interest and bank charges | | **2,351** | | 1,846 |
| Interest on mortgage | | **4,412** | | 3,350 |
| Office *(Schedule 2)* | | **23,084** | | 20,834 |
| Professional fees | | **33,759** | | 21,836 |
| Salaries, wages and employee benefits | | **186,108** | | 158,935 |
| Supplies | | **5,589** | | 10,005 |
| Travel, meetings and conferences | | **3,902** | | 117 |
| | | **507,524** | | 443,340 |
| **EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR** | $ | **(42,003)** | $ | 57,611 |

See accompanying notes to the financial statements

## Statement of Changes in Net Assets

## Year Ended March 31, 2023

| | Unrestricted | Investment in Capital Assets | Externally Restricted | **2023** | 2022 |
|---|---|---|---|---|---|
| **NET ASSETS - BEGINNING OF YEAR** | $ 266,176 | $ 724,257 | $ 50,000 | **$ 1,040,433** | $ 982,822 |
| Excess (deficiency) of revenue over expenses | (16,012) | (25,991) | - | **(42,003)** | 57,611 |
| Purchase of capital assets | (60,772) | 60,772 | - | - | - |
| Repayment of mortgage | (10,144) | 10,144 | - | - | - |
| **NET ASSETS - END OF YEAR** | $ 179,248 | $ 769,182 | $ 50,000 | **$ 998,430** | $ 1,040,433 |

See accompanying notes to the financial statements

**OUR HEALTH CENTRE ASSOCIATION**
**Statement of Cash Flow**
**Year Ended March 31, 2023**

| | 2023 | 2022 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Excess (deficiency) of revenue over expenses | $ (42,003) | $ 57,611 |
| Items not affecting cash: | | |
| Amortization of capital assets | 115,315 | 115,532 |
| CEBA loan forgiveness *(Note 8)* | - | (10,000) |
| Amortization of deferred contributions *(Note 9)* | (89,324) | (89,324) |
| | (16,012) | 73,819 |
| Changes in non-cash working capital: | | |
| Accounts receivable | (3,818) | (22,159) |
| Prepaid expenses | (672) | 437 |
| Amounts payable and accrued liabilities | 19,683 | 2,506 |
| Employee deductions payable | 7,167 | 757 |
| HST recoverable | 129,777 | (187,840) |
| Deferred revenue | (12,040) | 16,959 |
| | 140,097 | (189,340) |
| Cash flow from (used by) operating activities | 124,085 | (115,521) |
| **INVESTING ACTIVITIES** | | |
| Purchase of capital assets | (60,822) | (13,959) |
| Proceeds on disposal of equipment | 50 | - |
| HST recoverable on real property | - | 161,269 |
| Cash flow from (used by) investing activities | (60,772) | 147,310 |
| **FINANCING ACTIVITIES** | | |
| Receipt of deferred contributions related to capital assets | - | - |
| Proceeds from long term financing | - | 20,000 |
| Repayment of long term debt | (10,144) | (10,414) |
| Cash flow from (used by) financing activities | (10,144) | 9,586 |
| **INCREASE IN CASH FLOW** | 53,169 | 41,375 |
| Cash - beginning of year | 224,867 | 183,492 |
| **CASH - END OF YEAR** | $ 278,036 | $ 224,867 |
| **CASH CONSISTS OF:** | | |
| Cash and cash equivalents | $ 228,036 | $ 174,867 |
| Restricted cash and cash equivalents *(Note 5)* | 50,000 | 50,000 |
| | $ 278,036 | $ 224,867 |

See accompanying notes to the financial statements

1. STATUS AND NATURE OF ACTIVITIES

Our Health Centre Association (the "Association") is incorporated under the Province of Nova Scotia's Societies Act. The Association's purpose is to raise funds and provide support for a health care centre in the Municipality of the District of Chester, Nova Scotia.

The Association is a registered charity for income tax purposes and is, therefore, exempt from income taxes under Section 149 (1)(1) of the Income Tax Act (Canada).

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

Our Health Centre Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue when earned.

Walk in clinic revenue, operational recoveries and rental revenue are recognized when earned and collection is reasonably assured.

Cash and cash equivalents

Cash includes cash on hand, balances with financial institutions and cash equivalents. Cash equivalents include unrestricted highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a short maturity of approximately one year or less from the date of acquisition.

*(continues)*

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

| | |
|---|---|
| Building | 40 years |
| Sidewalk | 10 years |
| Furniture and equipment | 10 years |
| Computer equipment | 3 years |

The Association regularly reviews its capital assets to eliminate obsolete items. Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

### Donated goods

Donated goods are recorded at their fair value at the time of the donation when a fair value can be reasonably estimated and when the materials are used in the normal course of the Association's operations and would otherwise have been purchased. During the year, $Nil (2022 - $Nil) in goods were donated and included in the statement of operations.

### Contributed services

The Association would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

### Financial instruments policy

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of revenues and expenditures.

Transaction cost on the acquisition, sale or issue of financial instruments which are subsequently reported at fair value are expensed when incurred. Transaction costs on the acquisition, sale, or issue of financial instruments which are subsequently reported at amortized cost are amortized over the expected life of the instrument.

Financial assets measured at amortized cost include cash, cash equivalents and amounts receivable.

Financial liabilities measured at amortized cost include amounts payable and accrued liabilities, and long term debt.

## 4. HST RECOVERABLE

| | 2023 | 2022 |
|---|---|---|
| HST payable | $ (2,814) | $ (15,727) |
| HST recoverable on real property | - | 161,269 |
| Instalments paid | 18,579 | - |
| HST recoverable - end of year | $ 15,765 | $ 145,542 |

## 5. RESTRICTED CASH AND CASH EQUIVALENTS

The Association allocated $300,000 from the capital campaign contributions to a separate account to be used for future capital expenditures as approved by the Board of Directors. During the 2021 year, the Board of Directors approved $250,000 to be used towards the repayment of the mortgage. As at March 31, 2023, $50,000 remains restricted.

| | 2023 | 2022 |
|---|---|---|
| Renaissance High Interest Savings Account, variable interest | $ 50,000 | $ 50,000 |

## 6. CAPITAL ASSETS

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Cost | Accumulated amortization | Cost | Accumulated amortization |
| Land and development costs | $ 817,297 | $ - | $ 817,297 | $ - |
| Building | 3,553,460 | 561,394 | 3,498,023 | 473,250 |
| Furniture and equipment | 236,579 | 146,203 | 234,957 | 122,627 |
| Computer equipment | 11,882 | 6,691 | 8,137 | 4,407 |
| Sidewalk | 13,429 | 4,772 | 13,429 | 3,429 |
| | $ 4,632,647 | $ 719,060 | $ 4,571,843 | $ 603,713 |
| Net book value | $ 3,913,587 | | $ 3,968,130 | |

## 7. DEFERRED REVENUE

Deferred revenue represents restricted operating funding received in the current year that is related to the subsequent year.

| | 2023 | 2022 |
|---|---|---|
| Balance - beginning of year | $ 21,813 | $ 4,854 |
| Plus: amount received related to the following year | 9,773 | 21,813 |
| Less: amount recognized as revenue in the year | (21,813) | (4,854) |
| Balance - end of year | $ 9,773 | $ 21,813 |

## 8. LONG TERM DEBT

| | 2023 | 2022 |
|---|---|---|
| The Association received a $60,000 Canada Emergency Business Account loan (CEBA) from the Royal Bank of Canada as a result of the COVID-19 crisis. The loan is non-interest bearing until December 31, 2023. Repayment of $40,000 on or before December 31, 2023 will result in loan forgiveness of 33.33% ($20,000). If the loan is not repaid by December 31, 2023, the unpaid loan balance will be interest bearing at 5% for a three-year term beginning January 1, 2024. | $ **40,000** | $ 40,000 |
| Royal Bank of Canada loan bearing interest at 6.65% per annum, repayable in monthly blended payments of $1,354. The loan matures on November 18, 2023 and is secured by a general security agreement, borrowing resolution signed by the Board of Directors and a collateral mortgage in the amount of $1,500,000 on the property at 3769 Highway #3, Chester, NS with a net book value of $3,809,363 | **107,393** | 117,537 |
| | **147,393** | 157,537 |
| Amounts payable within one year | **(147,393)** | (117,537) |
| | $ **-** | |

## 9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Contributions received for acquiring capital assets are recorded as deferred contributions and are amortized on the same basis and according to the same rates as the related capital assets. Changes in the deferred contribution balances is as follows.

| | 2023 | 2022 |
|---|---|---|
| Balance - beginning of year | $ **3,126,336** | $ 3,215,660 |
| Add: contributions received during the year | **-** | - |
| Less: amortization of deferred contributions | **(89,324)** | (89,324) |
| Balance - end of year | $ **3,037,012** | $ 3,126,336 |

## 10. CONTINGENT LIABILITY

The Association has received a $60,000 Canada Emergency Business Account loan (CEBA) as a result of the COVID-19 crisis. If $40,000 of the loan is paid back between January 1, 2021 and December 31, 2023, 33.33% of the loan ($20,000) will be forgiven. The loan forgiveness was recognized in the statements of operations for the years ended March 31, 2022 and March 31, 2021. If the loan is not repaid on or before December 31, 2023, the $20,000 contingent liability related to the government assistance shall be recognized.

## 11. CAPITAL MANAGEMENT

The Association considers its capital to be the balance maintained in its Net Assets. The primary objective of the Association is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors of the Association with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements.

## 12. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2023.

### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. For grants receivable, the Association assesses, on a continuous basis, amounts receivable on the basis of amounts for which ultimate collection is reasonably assured based on their estimated realizable value.

The Association is also exposed to credit risk from tenants. In order to reduce its credit risk, the Association conducts regular reviews of its existing tenants' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of tenants which minimizes concentration of credit risk.

### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its tenants and other related sources, mortgage payable, and accounts payable.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Association is mainly exposed to interest rate 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 Association is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Association to a fair value risk while floating-rate instruments subject it to a cash flow risk. The Association is exposed to interest rate risk on its fixed rate mortgage and variable interest high interest savings account. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities.

## Statement of Building Operating Expenses

*(Schedule 1)*

**Year Ended March 31, 2023**

| | 2023 | 2022 |
|---|---|---|
| Building insurance | $ **8,826** | $ 8,045 |
| Housekeeping and cleaning | **32,400** | 32,119 |
| Medical equipment maintenance | **1,210** | 1,193 |
| Property taxes | **8,257** | 9,027 |
| Repairs and maintenance | **40,098** | 27,346 |
| Snow removal | **3,763** | 3,763 |
| Utilities | **34,256** | 27,694 |
| Waste removal | **1,358** | 1,235 |
| | $ **130,168** | $ 110,422 |

## Statement of Office Expenses

*(Schedule 2)*

**Year Ended March 31, 2023**

| | 2023 | 2022 |
|---|---|---|
| Directors liability insurance | $ **1,745** | $ 1,526 |
| Dues, fees and licenses | **789** | 1,279 |
| Equipment rental | **-** | 594 |
| Information technology | **7,524** | 9,045 |
| Meals | **2,143** | 17 |
| Miscellaneous | **671** | 242 |
| Office supplies | **2,829** | 1,537 |
| Telephone and internet | **7,383** | 6,594 |
| | $ **23,084** | $ 20,834 |