

COMMUNITY CARE NORTHUMBERLAND

FINANCIAL STATEMENTS

March 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
COMMUNITY CARE NORTHUMBERLAND

Qualified Opinion

We have audited the accompanying financial statements of **COMMUNITY CARE NORTHUMBERLAND**, which comprise the statement of financial position as at March 31, 2021, and the statement of operations, statement of changes in net assets and statement of cash flows 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 Organization as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donations revenue, excess of revenue over expenditure and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and fund balances as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified 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 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 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 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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.



Trent Hills, Ontario
June 24, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

COMMUNITY CARE NORTHUMBERLAND
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021

	2021	2020
	\$	\$
CURRENT ASSETS		
Cash and bank	906,831	1,192,101
Accounts receivable	310,401	233,262
HST receivable	117,764	254,130
Prepaid expenses	40,885	7,270
	1,375,881	1,686,763
INVESTMENTS - Note 4	570,756	1,859,715
CAPITAL ASSETS - Note 5	8,021,373	4,397,932
	9,968,010	7,944,410
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	188,749	789,517
Accounts payable - Central East LHIN - Note 6	130,712	146,917
Government remittances - Note 7	63,171	34,769
Deferred grant revenue - Note 8	206,626	40,778
	589,258	1,011,981
DEFERRED CAPITAL CONTRIBUTIONS - Note 9	7,757,174	6,364,582
LONG-TERM DEBT - Note 10	600,000	-
	8,946,432	7,376,563
NET ASSETS		
Unrestricted	1,021,578	(3,125,959)
Internally restricted	-	3,693,806
	1,021,578	567,847
	9,968,010	7,944,410

Approved by the board:

_____ Director

_____ Director

(See accompanying notes)

COMMUNITY CARE NORTHUMBERLAND
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2021

	2021	2020
	\$	\$
REVENUE		
Central East LHIN	2,345,150	1,864,770
Programs	462,785	801,027
Other grants	330,139	455,082
Fundraising and donations	777,661	325,017
Interest	18,536	85,117
Other revenue - Note 11	239,143	16,736
Amortization of deferred capital contributions	265,522	85,022
	4,438,936	3,632,771
EXPENDITURE		
Salaries and benefits	2,787,917	1,973,051
Programs	529,359	910,636
Building occupancy	241,360	222,083
Purchased services	133,296	113,791
Office	189,794	92,387
Amortization	273,925	85,022
Professional fees	45,996	82,913
Fundraising and donations	29,033	69,762
Travel	24,863	30,825
Publicity and promotion	15,294	18,584
Insurance	26,557	17,085
Volunteer training and expenses	3,622	13,577
Training	11,329	10,959
Bank charges	23,384	10,949
Association fees	12,674	7,041
Program supplies	14,955	4,923
	4,363,358	3,663,588
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	75,578	(30,817)

(See accompanying notes)

COMMUNITY CARE NORTHUMBERLAND
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2021

	2021	2021	2021	2020
	<u>Unrestricted</u>	<u>Internally restricted</u>	<u>Total</u>	<u>Total</u>
	\$	\$	\$	\$
BALANCE, beginning of year	(3,125,959)	3,693,806	567,847	598,664
Adjustment to opening net assets - note 12	378,153	-	378,153	-
Removal of prior year internal restriction	3,693,806	(3,693,806)	-	-
Excess (deficiency) of revenues over expenditures	<u>75,578</u>	<u>-</u>	<u>75,578</u>	<u>(30,817)</u>
BALANCE, ending of year	<u>1,021,578</u>	<u>-</u>	<u>1,021,578</u>	<u>567,847</u>

(See accompanying notes)

COMMUNITY CARE NORTHUMBERLAND
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2021

	2021	2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	75,578	(30,817)
Adjustments for		
Amortization	273,925	85,022
Amortization of deferred capital contributions	(265,522)	(85,022)
	83,981	(30,817)
Change in non-cash working capital components:		
Accounts receivable	(77,139)	(66,489)
HST receivable	136,366	(194,701)
Prepaid expenses	(33,615)	(123)
Accounts payable and accrued liabilities	(600,769)	575,040
Government remittances	28,402	(2,822)
Accounts payable - central east lhin	(16,205)	94,290
Deferred grant revenue	165,848	(27,027)
	(313,131)	347,351
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	1,288,959	(437,112)
Purchase of capital assets	(3,897,366)	(3,631,879)
	(2,921,538)	(3,721,640)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term debt	600,000	-
Net deferred capital contributions received	2,036,268	1,992,142
	2,636,268	1,992,142
Decrease in cash	(285,270)	(1,729,498)
Cash and bank, beginning of year	1,192,101	2,921,599
Cash and bank, end of year	906,831	1,192,101

(See accompanying notes)

COMMUNITY CARE NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

1. NATURE OF OPERATIONS

Community Care Northumberland 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 and, as such, is exempt from income taxes while meeting the requirements of registration.

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

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

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:

Equipment	Straight-line	4 year
Vehicles	Straight-line	4 year
Furniture & Fixtures	Straight-line	10 year
Leasehold improvements	Straight-line	10 year
Building	Straight-line	20 year

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or liability is subsequently measured at amortized cost. The Organization subsequently measures all of its financial assets at amortized cost except for cash and investments which are measured at fair value. Transaction costs associated with the acquisition and disposal of investments are expensed when incurred.

Financial assets measured at amortized cost include accounts receivable and HST receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances.

COMMUNITY CARE NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Unrestricted grants, donations and bequests 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.

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.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from their estimates.

By their nature, these estimates are subject to measurement uncertainty. Management makes estimates when determining the value of its prepaid expenses, accrued liabilities, estimated useful life of the Organization's capital assets and its allowance for doubtful accounts.

COMMUNITY CARE NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

3. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentration of risks at March 31, 2021.

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. Risk is minimized as the organization has no significant exposure to any debtor.

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.

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.

Other risks

Due to the nature of its operations, the organization is not exposed to significant market, currency, or other price risks.

There have been no significant changes to the risk exposure from 2020 for any of the above risks.

4. INVESTMENTS

The investments consist of guaranteed investment certificates. GIC terms range from 1 to 5 years, maturing from April 2021 to April 2025, earning interest from 0.50% to 3.31%. Market value is estimated to be equal to cost plus accrued interest.

COMMUNITY CARE NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

5. CAPITAL ASSETS

	2021	2021	2020	2020
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	236,188	-	236,188	-
Buildings	7,638,497	222,790	-	-
Construction in progress	-	-	4,120,943	-
Equipment and furniture	730,636	444,893	426,721	422,510
Vehicles	636,705	565,551	560,807	540,774
Leasehold improvements	43,740	31,159	44,431	27,874
	<u>9,285,766</u>	<u>1,264,393</u>	<u>5,389,090</u>	<u>991,158</u>
	<u>8,021,373</u>		<u>4,397,932</u>	

Construction in progress refers to the costs associated with building the new Northumberland Hospice Care Centre.

6. ACCOUNTS PAYABLE - CENTRAL EAST LHIN

Funding received from the Central East LHIN for program administration exceeded expenditures, resulting in a payable of \$130,712 (2020 - \$146,917).

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

7. GOVERNMENT REMITTANCES

	2021	2020
	\$	\$
Payroll deductions payable	60,553	33,029
Workplace Safety and Insurance Board	2,618	1,740
	<u>63,171</u>	<u>37,591</u>

COMMUNITY CARE NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

8. DEFERRED GRANT 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 <u> </u> \$	Received in year <u> </u> \$	Recognized as revenue in year <u> </u> \$	Balance end of year <u> </u> \$
Northumberland Enhanced Rural Living	24,681	8,649	(29,356)	3,974
Municipal grants	-	45,000	(45,000)	-
Hospice	7,446	-	-	7,446
Ministry of Transportation	-	212,691	(102,372)	110,320
United Way	8,651	-	(8,651)	-
Seniors Grant	-	11,343	-	11,343
Transportation	-	21,043	-	21,043
NHCC deferred LHIN funding	-	52,500	-	52,500
	<u>40,778</u>	<u>351,226</u>	<u>(185,379)</u>	<u>206,626</u>

9. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2021</u> \$	<u>2020</u> \$
Deferred contributions related to Northumberland Hospice Care Centre	7,664,800	6,323,781
Deferred contributions related to capital assets	92,374	40,801
Total	<u>7,757,174</u>	<u>6,364,582</u>

10. 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.

Balance at year-end was \$600,000 (2020 - \$nil).

There are no fixed terms of repayment and repayments can be made at any point. Interest is charged at bank prime plus 0% (2021 - 2.45%) on a monthly basis.

COMMUNITY CARE NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

11. OTHER REVENUE

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

	<u>2021</u>	<u>2020</u>
	\$	\$
Canada Emergency Wage Subsidy	94,375	-
Ontario Community Support Association	60,982	-
United Way	32,649	-
Cameco	19,400	-
Campbellford/Seymour Community Foundation	4,920	-
Other	<u>26,817</u>	<u>16,736</u>
	<u><u>239,143</u></u>	<u><u>16,736</u></u>

12. PRIOR PERIOD ADJUSTMENT

The opening balance of unrestricted net assets was adjusted for the over-adjustment of the deferred capital contributions for the year-ended March 31, 2019. This adjustment is a direct charge to unrestricted net assets and deferred capital contributions, and has no effect on the results of the current year.

13. ECONOMIC DEPENDENCE

The organization receives 56.2% (2020 - 53.0%) of its funding from the Province of Ontario through the Central East Local Health Integration Network, and, in this respect, is economically dependent upon the Province.

COMMUNITY CARE NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

14. COMMITMENTS

The organization has entered into various lease agreements for office space for various terms extending to May 2026 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:

2022	171,256
2023	154,105
2024	113,131
2025	105,078
2026	53,742

The organization has agreements in place to sub-lease a portion of its office space to offset leasing costs. These agreements are on a month-to-month basis and are for \$160 and \$500 per month.

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.

15. SUBSEQUENT EVENTS

On March 17, 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 Foundation'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
SCHEDULE TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

NORTHUMBERLAND HOSPICE CARE CENTRE

	2021	2020
	\$	\$
REVENUE		
Ministry funding	427,468	530,000
Fundraising and donations	413,350	1,599,470
Amortization of deferred capital contributions	231,552	-
Interest and other	7,446	69,257
Grants	-	76,000
	<u>1,079,816</u>	<u>2,274,727</u>
EXPENDITURE		
Salaries and benefits	640,947	207,244
Amortization	239,954	-
Office	57,338	9,806
Programs	55,000	-
Occupancy	36,912	12,584
Professional fees	12,985	1,482
Bank fees	11,268	1,922
Insurance	8,195	-
Publicity and promotion	7,145	10,213
Fundraising and donations	5,004	35,181
Training, volunteer, and purchased services	3,249	2,895
Purchased services	1,278	-
Association fees	261	-
Travel	280	1,258
	<u>1,079,816</u>	<u>282,585</u>
EXCESS OF REVENUE OVER EXPENDITURE	<u>-</u>	<u>1,992,142</u>