

Financial Statements of

**COMMUNITY CARE
NORTHUMBERLAND**

And Independent Auditor's Report thereon

Year ended March 31, 2025

DRAFT

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, 2025
- 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, 2025, 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, 2025 and March 31, 2024
- the fundraising and donations revenues and deficiency of revenue over expenses reported in the statements of operations for the years ended March 31, 2025 and March 31, 2024
- 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, 2025 and March 31, 2024
- the deficiency of revenue over expenses reported in the statements of cash flows for the years ended March 31, 2025 and March 31, 2024.

Our auditor's opinion on the financial statements for the year ended March 31, 2024 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, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	\$ 969,262	\$ 1,645,738
Accounts receivable (note 11)	361,564	540,433
HST receivable	66,132	101,771
Prepaid expenses	65,313	50,504
	<u>1,462,271</u>	<u>2,338,446</u>
Investments (note 3)	57,745	64,695
Capital assets (note 4)	7,236,142	7,294,535
	<u>\$ 8,756,158</u>	<u>\$ 9,697,676</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 334,752	\$ 710,139
Accounts payable – Ontario Health (note 5)	130,323	239,204
Government remittances (note 6)	45,364	194,742
Deferred revenue (note 7)	71,249	176,060
	<u>581,688</u>	<u>1,320,145</u>
Deferred capital contributions (note 8)	7,236,142	7,294,535
Net assets:		
Unrestricted	938,328	1,082,996
	<u>938,328</u>	<u>1,082,996</u>
Economic dependence (note 9)		
Commitments and contingencies (note 10)		
	<u>\$ 8,756,158</u>	<u>\$ 9,697,676</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, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Ontario Health	\$ 3,828,888	\$ 3,159,972
Fundraising and donations (note 11)	755,124	1,030,505
Programs	743,130	826,543
Amortization of deferred capital contributions	516,518	472,547
Other grants	408,688	486,282
Interest	58,819	104,843
Other revenue	31,731	13,218
	<u>6,342,898</u>	<u>6,093,910</u>
Expenses:		
Salaries and benefits	4,181,717	3,893,363
Program related expenses	927,025	953,361
Amortization	516,518	472,547
Building occupancy	262,594	258,322
Purchased services	205,019	204,544
Office	139,774	156,715
Insurance	56,169	47,493
Professional fees	48,801	13,428
Association fees	40,820	29,349
Travel	24,238	29,573
Program supplies	21,935	24,490
Fundraising and donations	21,669	38,935
Bank charges and interest	17,725	15,426
Volunteer training and expenses	8,797	8,000
Training	8,524	25,128
Publicity and promotion	6,241	16,803
	<u>6,487,566</u>	<u>6,187,477</u>
Deficiency of revenue over expenses	<u>\$ (144,668)</u>	<u>\$ (93,567)</u>

See accompanying notes to financial statements.

COMMUNITY CARE NORTHUMBERLAND

Statement of Changes in Net Assets

Year ended March 31, 2025, with comparative information for 2024

	Unrestricted	2025 Total	2024 Total
Net assets, beginning of year	\$ 1,082,996	\$ 1,082,996	\$ 1,176,563
Deficiency of revenue over expenses	(144,668)	(144,668)	(93,567)
Net assets, end of year	\$ 938,328	\$ 938,328	\$ 1,082,996

COMMUNITY CARE NORTHUMBERLAND

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used for):		
Operating activities:		
Deficiency of revenue over expenses	\$ (144,668)	\$ (93,567)
Items not involving cash:		
Amortization	516,518	472,547
Amortization of deferred capital contributions	(516,518)	(472,547)
Change in non-cash operating working capital:		
Accounts receivable	178,869	117,002
HST receivable	35,639	(33,495)
Prepaid expenses	(14,809)	(11,925)
Accounts payable and accrued liabilities	(375,387)	406,570
Government remittances	(149,378)	156,371
Accounts payable – Ontario Health	(108,881)	42,466
Deferred revenue	(104,811)	(786,184)
	(683,426)	(202,762)
Investing activities:		
Decrease in investments	6,950	12,178
Purchase of capital assets	(458,125)	(471,867)
	(451,175)	(459,689)
Financing activities:		
Deferred capital contributions received	458,125	471,867
Decrease in cash	(676,476)	(190,584)
Cash, beginning of year	1,645,738	1,836,322
Cash, end of year	\$ 969,262	\$ 1,645,738

See accompanying notes to financial statements.

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements

Year ended March 31, 2025

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 revenue 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, 2025

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

Costs of construction in progress are capitalized and include the carrying costs of any related debt during the construction phase. Amortization is not recognized until construction is completed and the assets are ready for productive use.

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, 2025

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 maturity terms of 1 to 5 years, from April 2025 to March 2029, yielding interest from 1.5% to 3.95%. Market value is estimated to be equal to cost plus accrued interest.

4. Capital assets:

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	\$ 236,190	\$ –	\$ 236,190	\$ 236,188
Buildings	8,321,348	1,784,034	6,537,314	6,269,933
Construction in progress	–	–	–	432,892
Equipment and furniture	710,197	431,121	279,076	277,012
Vehicles	888,710	706,952	181,758	74,667
Leasehold improvements	53,096	51,292	1,804	3,843
	<u>\$10,209,541</u>	<u>\$ 2,973,399</u>	<u>\$ 7,236,142</u>	<u>\$ 7,294,535</u>

Cost and accumulated amortization of tangible capital assets as at March 31, 2024 amounted to \$9,919,491 and \$2,624,956, respectively.

During the year, the Organization disposed of assets with a cost and accumulated amortization of \$168,075, resulting in a gain/loss on disposal of \$Nil (2024 - \$Nil).

Management has reviewed for full or partial impairment and determined there is none.

5. Accounts payable – Ontario Health:

Funding received from the Ontario Health for program administration exceeded expenditures, resulting in a payable of \$130,323 (2024 - \$239,204).

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2025

5. Accounts payable – Ontario Health (continued):

Of this amount, \$Nil (2024 -\$84,300) was received in the current year that is required to be repaid. The remaining amount applies to prior year repayable balances.

6. Government remittances:

	2025	2024
Payroll deductions payable	\$ 45,364	\$ 194,742

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	\$ 5,557	\$ 12,500	\$ (17,308)	\$ 749
Ministry of Transportation	14,858	43,167	(44,262)	13,763
OCSA MOW	14,138	–	(12,937)	1,201
Transportation	106,101	38,222	(131,329)	12,994
One Time Funds	23,379	12,500	(19,811)	16,068
Canadian Legion Branch 103 Donations	9,000	–	–	9,000
NEARN	3,027	500	–	3,527
Easter Cookie Revenue	–	8,485	–	8,485
Canadian Legion Branch 30 MOW Donations	–	5,000	(1,100)	3,900
Campbellford Seymour Foundation Youth Grant	–	2,500	(2,500)	–
ODSP & OW Overpayments	–	1,622	(60)	1,562
	\$ 176,060	\$ 124,496	\$ (229,307)	\$ 71,249

8. Deferred capital contributions:

	2025	2024
Deferred contributions related to Northumberland Hospice Care Centre	\$ 7,004,672	\$ 7,183,243
Deferred contributions related to capital assets	231,470	111,292
	\$ 7,236,142	\$ 7,294,535

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2025

9. Economic dependence:

The Organization receives 60% (2024 - 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:

2026	\$	55,252
2027		10,501
2028		3,138
	\$	68,891

- (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 \$145,000 plus applicable taxes. The contract agreement is for a three year term ending March 31, 2027, with a mutual option to extend for another three years.
- (c) The Organization has access to an operating line of credit in the amount of \$200,000, bearing interest at the lender's prime rate +0.25%. At March 31, 2025, \$25,000 was drawn on the operating line of credit (2024 - \$Nil).
- (d) 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, 2025.

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2025

10. Commitments and contingencies:

(d) 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, 2025.

(e) The nature of the Organization's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2025, management believes the Organization has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Organization's financial position.

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.

Contributions received from the Foundation amounted to \$820,013 (2024 - \$629,131) and are included as a component of fundraising and donations on the Statement of Operations and deferred capital contributions on the Statement of Financial Position in the amounts of \$503,161 and \$316,852, respectively. Of this amount, \$207,244 (2024 - \$435,007) is included in accounts receivable on the Statement of Financial Position.

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, 2025

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

A summary of the audited financial statements of the Foundation at March 31, 2025 are as follows:

	2025	2024
Statement of Financial Position:		
Assets	\$ 3,102,111	\$ 1,501,391
Liabilities	168,235	385,231
Net assets	\$ 2,933,876	\$ 1,116,160
	2025	2024
Statement of Operations:		
Revenue	\$ 2,778,911	\$ 1,071,030
Expenses	141,182	105,208
Contributions to Community Care Northumberland	820,013	629,131
Net earnings	\$ 1,817,716	\$ 336,691
	2025	2024
Statement of Cash Flows:		
Cash from operations	\$ 1,557,966	\$ 653,741
Cash from financing activities	–	–
Cash from investing activities	(1,520,000)	–
Increase in cash	\$ 37,966	\$ 653,741

COMMUNITY CARE NORTHUMBERLAND

Notes to Financial Statements (continued)

Year ended March 31, 2025

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, 2025 is \$Nil (2024 - \$Nil).

There have been no significant changes to the credit risk exposure from 2024.

(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 2024.

(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 2024.