



Community Care
NORTHUMBERLAND

CCN Financial Operations: Planning for the Future

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Prepared for:

Finance Committee & Board of Directors

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Version 1

Executive Summary

Purpose

In preparation for the expiring financial contracts in March, 2027; CCN has the opportunity to review the current financial oversight services provided to both CNN and The Foundation and determine the most effective, sustainable, and value driven solution. In addition, this is an opportunity to enhance in-house financial acumen and augment CNN's financial leadership.

Current State

- CCN currently relies on two external financial oversight arrangements & both vendor agreement are scheduled to sunset on March 31 2027
 - Part Time CFO (Foundation): \$40,000/year + HST
 - Campbellford Memorial Hospital (CCN): \$146,506/year + HST
- Current model: **\$186,506 + HST= \$210,751/year**

Recommendations

It is recommended that staff be directed:

- 1) To assess whether current service arrangements will continue to meet organizational current and future needs.
- 2) The review includes a market review-to identify the solution(s) that best supports the organizations' current requirements, future strategic objectives, governance expectations, and value-for-money considerations.
- 3) The opportunity to enhance in-house financial acumen and strategic financial leadership be included in the solution(s) evaluation criteria

Current State

What CCN Receives

- Compliance-focused finance support
- Transactional financial services
- Stability in day-to-day finance operations
- External support from Campbellford Memorial Hospital and part-time CFO

Limitations

- **No single point of accountability**
- Lack of cohesive financial strategy and operation
- Reactive rather than proactive decision-making
- Reduced agility for decisions
- Less strategic stewardship for Boards and Executive planning

Cost Structure

- Part Time CFO (Foundation): \$40,000/year + HST
- Campbellford Memorial Hospital (CCN): \$146,506/year + HST
- Current model: **\$186,506 + HST= \$210,751/year**

Strengths of Current Model

Established and Familiarity

Vendors provide established processes and defined roles (CMH=CCN and PTCFO=Foundation).

Maintaining this arrangement minimizes disruption and preserves organizational knowledge embedded within the existing provider relationship.

Financial services are provided by known healthcare partners from within our community.

Specialized & Credentialed Expertise

The current model provides access to finance professionals (CPA's & CA's) with experience that help support financial accuracy and compliance with ministry and Ontario Health reporting.

Risks of Current Model

Limited Strategic Stewardship

Both providers focus primarily on compliance and Ministry /Ontario Health reporting, not on proactive financial strategy aligned with CCN's mission and growth.

Limited Accountability

Neither vendor is directly accountable to CCN's executive structure.

Long-Term Sustainability Concerns

Reliance on current structure for core financial oversight limits **organizational prioritization** and strategic partnerships within CCN's leadership team. Continuation in this model will present challenges particularly when vendors prepare to manage competing priorities (Ex. Building a new hospital, adding on additional contracts, etc). This creates strain in financial priorities for CCN

Should one or both financial partners decide that they cannot continue to provide the financial services, CNN would be in a very challenging situation as all of our raw financial data is not within CNN's stewardship. Moreover, there is no in-house expertise to step into these roles until alternative arrangements could be made.

Recommendations

It is recommended that the Finance Committee authorize management to undertake a market review for financial oversight services to ensure CCN and the Foundation secure a solution that best aligns with their current and future operational, governance, and strategic requirements beyond March 31, 2027.

BUILDING THE CAPACITY OF CNN'S LEADERSHIP TEAM

An opportunity to enhance in-house financial acumen and strategic financial leadership.



Strategic Benefits of Internal Model

One Single Financial Leader/Team

Director of Finance accountable for CCN which will lead to enhanced responsiveness, proactive financial forecasting for both CCN and the Foundation and immediate **financial stewardship for our leadership teams**. Additionally, this structure opens the door organizational growth

Stronger Foundation Alignment

One team oversees fundraising priorities, operational performance targets, benchmarking to like-minded organizations, capital planning and long-term sustainability.

Specifically, CCN Gains

A dedicated senior leadership team at the CCN executive table, full organizational accountability, a proactive financial strategy, oversight into organizational long-term sustainability

Alignment with CCN Strategic Priorities

Reenergized Capacity, Rejuvenated Culture

Driving fundraising strategies to promote financial stability. We will secure organizational sustainability and financial flexibility to invest further in our people, programs and community

Cohesive Identity, Empowered Community

Building a cohesive brand that supports our healthy reputation and increases our visibility across our community

Financial Considerations Year 1 (Scenarios-Salaries)

	Scenario 1 (Current)	Scenario 2 (Lean)	Scenario 3 (Strategic) *Recommendation)
Staffing	Part Time CFO CMH	Director of Finance	Director of Finance and Senior Analyst
Structure	External	Internal	Internal
Cost	\$210,751	\$140,300 *based on top of salary grid + 22% benefits	\$219,600 *based on top of salary grids + 22% benefits
Considerations	Compliance focused	Risk burnout of new leader	Growth focused Shift to Strategic

3 Year Forecast (Salaries + Software)

	Scenario 1 (Current)	Scenario 3 (Strategic) *Recommendation)
Staffing Model	Part Time CFO CMH	Director of Finance and Senior Analyst
Structure	External	Internal
3 Year Cost Compensation + Software	\$727,539 *PTCFO 10% increase annually *CMH 16% avg term renewal increase + 1% each year within term	\$634,504 *based on hiring range of new grids+ 22% benefits +4% wage increase annually +Software considerations
Considerations	\$94,580 in HST	\$93,035 savings overall *\$31,011/year

*Software costs are based on average annual expense for SAGE (\$6000/year) & Quickbooks (\$1200/year)

Risk Mitigation Strategies

Risk: Disruption to services, financial reporting, compliance during the transition.

Mitigation: Phased transition over 3 months (January-March 2027)

Risk: Increased risk of control weaknesses or non-compliance with regulatory and funding requirements

Mitigation: Two Year commitment to current audit vendor

Risk: Board confidence in new financial management structure

Mitigation: CEO led performance management, integration of new leadership into board functions, CPA requirement in hiring process

INTERNAL MODEL: QUESTIONS FOR THE FINANCE COMMITTEE

- 1) What do you believe are the advantages of an internal model?
- 2) What do you anticipate will be the challenges with this model?
- 3) What do you anticipate the finance committee could contribute to make this model successful?