

**FINANCIAL STATEMENTS
MARCH 31, 2018**

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**Rideau Community
Health Services
Financial Statements
March 31, 2018**



Rideau Community
Health Services

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Rideau Community Health Services (RCHS) are the responsibility of the Organization's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Organization's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to Board approval of the financial statements.

The financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Organization. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Organization's financial statements.





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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of Rideau Community Health Services:

We have audited the accompanying financial statements of Rideau Community Health Services which comprise the statement of financial position as at March 31, 2018, and the statement of operations, and changes in net financial assets, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an audit opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In common with many charitable organizations, the organization derives revenue from fundraising events 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses and cash flow from operations for the year ended, March 31, 2018, current assets as at March 31, 2018 and fund balances as at March 31, 2018.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Rideau Community Health Services as at March 31, 2018, and the results of its operations, changes in net financial assets and its cash flows for the year ended March 31, 2018 in accordance with Canadian Public Sector Accounting Standards.



Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario,
May 29, 2018.

Rideau Community Health Services Statement of Financial Position

March 31	2018	2017
	\$	\$
Assets		
Current Assets		
Cash	1,120,420	802,199
Guaranteed investment certificates	71,499	143,572
Accounts receivable (note 2)	44,382	10,186
Accounts receivable ▶ HST (note 2)	136,595	137,914
Prepaid expenses	47,740	52,081
	1,420,636	1,145,952
Capital Assets (note 3)	1,080,062	1,356,491
	2,500,698	2,502,443
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	813,552	633,463
Due to Ministry of Health and Long Term Care and Ministry of Community and Social Services (note 4)	397,900	271,301
Deferred revenues (note 5)	73,199	105,203
	1,284,651	1,009,967
Deferred Contributions (note 6)	1,021,912	1,278,887
	2,306,563	2,288,854
Contingent Liabilities (note 10)		
Net Financial Assets		
Invested in capital assets	58,150	77,604
Unrestricted	135,985	135,985
	194,135	213,589
	2,500,698	2,502,443

On Behalf of the Board:


 _____, Chairperson

The accompanying notes are an integral part of these financial statements.

Rideau Community Health Services Statement of Operations

For the year ended March 31	2018	2017
	\$	\$
Revenues		
Ministry of Health	6,850,865	6,387,484
Amortization of deferred contributions	308,284	293,661
Ministry of Community and Social Services	130,588	110,114
Recoverables and other income	465,863	476,431
	7,755,600	7,267,690
Expenditures		
Compensation		
Salaries	4,983,440	4,688,801
Benefits	1,120,464	1,026,374
Service Cost		
Rent and accommodation	397,031	427,272
Medical supplies	60,938	55,365
Contracted out	81,170	33,019
Equipment	28,905	22,838
Sundry	775,368	719,936
Amortization	327,738	318,729
	7,775,054	7,292,334
Deficiency of Revenues Over Expenses From Operations	(19,454)	(24,644)
Other Revenues and Expenses		
Revenues ▶ Rotman Advanced Leadership Project	307,745	295,229
Expenses ▶ Rotman Advanced Leadership Project	(307,745)	(295,229)
	---	---
Net Financial Assets, Beginning of Year	213,589	238,233
Net Financial Assets, End of Year	194,135	213,589

The accompanying notes are an integral part of these financial statements.

**Rideau Community Health Services
Statement of Changes in Net Financial Assets**

Year Ended March 31	Invested in Capital Assets	Unrestricted	2018	2017
	\$	\$	\$	\$
Balance, Beginning of Year	77,604	135,985	213,589	238,233
Deficiency of Revenues over Expenses	(19,454)	---	(19,454)	(24,644)
Balance, End of Year	58,150	135,985	194,135	213,589

The accompanying notes are an integral part of these financial statements.

Rideau Community Health Services Statement of Cash Flows

For the year ended March 31	2018	2017
	\$	\$
Cash Flows Provided From:		
Operating		
Deficiency of revenues over expenses	(19,454)	(24,644)
Amortization of capital assets	327,738	318,729
Amortization of deferred contributions	(308,284)	(293,660)
	---	425
Net Change in Non-Cash Working Capital Balances Related to Operations		
Accounts receivable	(34,196)	29,019
Accounts receivable ▶ HST	1,319	(31,703)
Prepaid expenses	4,341	(10,958)
Accounts payable and accrued liabilities	180,089	82,386
Due to Ministry of Health and Long Term Care and Ministry of Community and Social Services	126,599	95,254
Deferred revenues	(32,004)	12,528
	246,148	176,526
Net Change from Operations	246,148	176,951
Investing Activities		
Guaranteed Investment Certificates	72,073	(318)
Capital asset additions	(51,309)	(57,081)
	20,764	(57,399)
Financing Activities		
Net increase in deferred contributions	51,309	57,081
Change in Cash, During the Year	318,221	176,633
Cash, Beginning of Year	802,199	625,566
Cash, End of Year	1,120,420	802,199

The accompanying notes are an integral part of these financial statements.

Rideau Community Health Services Notes to the Financial Statements

March 31, 2018

Description of Organization

Rideau Community Health Services (RCHS) is incorporated under the laws of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act. Its mission is to provide a wide range of health services and programs to individuals, families throughout Lanark, Leeds and Grenville, with an emphasis on the communities of Merrickville and Smiths Falls.

1. Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions.

Under the Health Insurance Act and Regulations thereto, the Organization is funded, primarily by the Province of Ontario, in accordance with budget arrangements established by the Ministry of Health and Long-Term Care, the South East Local Health Integrated Network, Ministry of Community and Social Services and Ministry of Children and Youth Services. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

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.

Externally restricted contributions, such as trust funds are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. 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.

The amount of any pledges and bequests to donate funds to the Organization is not included in revenue until such time as funds are received.

Classification of Financial Instruments

All financial instruments reported on the Statement of Financial Position of the Organization are classified as follows:

Cash	Fair value
Accounts receivable	Amortized cost
Accounts payable	Amortized cost

Rideau Community Health Services Notes to the Financial Statements

March 31, 2018

1. Significant Accounting Policies / continued

Short-Term Investments and Investments

Transaction costs related to the acquisition of investments are recorded against investment income. Sales and purchases of investments are recorded on the settlement date.

Fair value is determined at quoted market prices. The calculation of fair value is based upon market conditions at a specific point in time and may not be reflective of future fair value.

Capital Assets

Purchased capital assets, other than minor equipment are recorded at cost. When an asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Minor equipment replacements are expensed in the year of replacement. Construction in progress is not amortized until the project is complete and the facilities come into use. Capital assets are amortized over their expected useful lives as follows:

Buildings	5%
Computer Equipment	5 years
Furniture and Fixtures	5 years
Generator	5 years
Medical Equipment	5 years
Leasehold Improvements	10 years

Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Use of Estimates

The preparation of financial statements 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 reported amounts of revenues and expensed during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known. The most significant estimates used in preparing these financial statements include the estimated useful lives of capital assets, the assumptions underlying the employee future benefit liability calculation, the amount of accrued liabilities and the allowance for doubtful accounts.

Rideau Community Health Services Notes to the Financial Statements

March 31, 2018

2. Accounts Receivable

Accounts receivable are comprised of the following:

	2018	2017
	\$	\$
HST	136,595	137,914
Other	44,382	10,186
	180,977	148,100

3. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Building	1,072,420	619,947	452,473	476,288
Generator	56,912	44,163	12,749	15,936
Furniture and Fixtures	24,690	14,813	9,877	14,815
Computer Equipment	219,543	141,242	78,301	97,363
Medical Equipment	267,905	201,836	66,069	101,383
Leasehold Improvements	1,922,628	1,462,035	460,593	650,706
	3,564,098	2,484,036	1,080,062	1,356,491

4. Due to Ministry of Health and Long Term Care, and of Community and Social Services

(a) Activity in Year

Ministry of Health and Long Term Care (MOHLTC)	2018	2017
	\$	\$
Balance, beginning of year	271,301	176,047
Repaid in year	(61,400)	(114,646)
Current year payable to Ministry	187,974	209,900
Balance, end of year	397,875	271,301

Rideau Community Health Services Notes to the Financial Statements

March 31, 2018

4. Due to Ministry of Health and Long Term Care, and of Community and Social Services / continued

(a) Activity in Year / continued

Ministry of Community and Social Services (MCSS)	2018	2017
	\$	\$
Balance, beginning of year	---	---
Repaid in year	---	---
Current year payable to Ministry	25	---
Balance, end of year	25	---

(b) Amounts Payable to Ministry By Year

	2018	2017
	\$	\$
2018 MOHLTC	187,974	---
2018 MCSS	25	---
2017 MOHLTC	209,901	209,901
2016 MOHLTC	---	61,400
	397,900	271,301

5. Deferred Revenue

Deferred revenue for the current year is comprised of the following programs:

	2018	2017
	\$	\$
Trillium	---	24,479
Trinity Village	6,761	6,761
Merrickville District Trails Society	1,159	284
Emergency Food Cupboard	11,570	11,418
Rideau Valley Diabetes Program - other	9,533	8,433
The After School Programme Revenue	---	7,879
Better Health / Complex Client Initiative	19,209	25,720
County Addictions	6,596	5,579
Food Security	1,836	1,836
Donations ▶ client support	9,280	9,258
▶ other	7,255	3,556
	73,199	105,203

Rideau Community Health Services Notes to the Financial Statements

March 31, 2018

6. Deferred Contributions

The Ministry of Health and Long Term Care provide grants for approved acquisitions of capital assets. These grants are recorded in deferred contributions and amortized over the useful life of the associated asset.

7. Demand Loan

The Organization has access to a \$500,000 demand credit facility with the Royal Bank of Canada. This facility was not in use as at March 31, 2018.

8. Operating Leases

RCCHS leases premises in Smiths Falls until October, 2018 and in Brockville until April 2019. Future minimum lease payments, including operating costs and HST are:

	\$
2018	295,500
2019	134,589

9. Financial Instruments

Establishing Fair Value

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the relatively short period to maturity of the instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- ▶ Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ▶ Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie: as prices) or indirectly (ie: derived from prices); and,

Rideau Community Health Services Notes to the Financial Statements

March 31, 2018

9. Financial Instruments / continued

Fair Value Hierarchy / continued

- ▶ Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Credit Risk

Credit risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and incur a financial loss. The Organization is exposed to credit risk on its accounts receivable. Management has assessed credit risk as low since receivables are due from governments.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they fall due. The Organization requires working capital to meet day-to-day operating activities. Management expects that the Organization's cash flows from operating activities will be sufficient to meet these requirements.

Market Risk

The Organization is not exposed to any market risk due to the nature of its activities.

10. Contingent Liabilities

The nature of the Organization's activities is such that litigation can arise at any time. As at the date of the audit report, management represents that there are no known claims outstanding or pending. Notwithstanding this, should a claim arise and be successful, management believes the Organization has appropriate insurance coverages in place, such that there would be no material effect on the Organization's financial position.

11. Budget Figures

The budget reflected in the statement of operations is an annual budget which has been approved by the Rideau Community Health Services Board of Directors. The budget figures are unaudited.

Rideau Community Health Services Notes to the Financial Statements

March 31, 2018

12. Economic Dependence

The Organization is dependent on the South East Local Health Integration Network for a significant portion of its revenue. These funds are provided under a Multi-Sectoral Accountability Agreement. The Organization is also dependent on the Ministry of Community and Social Services and Ministry of Children and Youth Services for a significant portion of its revenue.

As the Organization's main source of income is derived from these agreements, its ability to continue viable operations is dependent upon the renewal of these agreements.

Rideau Community Health Services Operating Statement Schedule

March 31, 2018

	LHIN CHC Core	LHIN One Time	MCSS	Addiction	Other	Totals & Net Surplus (Deficit)
	\$	\$	\$	\$	\$	\$
Revenues						
▸ LHIN	6,399,566	---	---	---	---	6,399,566
▸ LHIN One Time	---	639,273	---	---	---	639,273
▸ MCSS	---	---	130,613	---	---	130,613
▸ Other	9,573	---	---	86,864	85,628	182,065
▸ Recoverable	283,798	---	---	---	---	283,798
▸ Amortization of deferred contributions	---	---	---	---	308,284	308,284
Less: amounts owing to Ministry	(161,040)	(26,934)	(25)	---	---	(187,999)
Total Revenues	6,531,897	612,339	130,588	86,864	393,912	7,755,600
Expenditures						
Compensation						
▸ Benefits	1,025,838	63,526	16,720	14,380	---	1,120,464
▸ Salaries	4,475,057	351,240	86,301	70,842	---	4,983,440
Total Compensation	5,500,895	414,766	103,021	85,222	---	6,103,904
Service Cost						
▸ Contracted out	8,067	73,103	---	---	---	81,170
▸ Equipment	7,247	21,658	---	---	---	28,905
▸ Medical supplies	40,772	5,966	14,200	---	---	60,938
▸ Rent and accommodation	392,331	---	4,700	---	---	397,031
Total Service Cost	448,417	100,727	18,900	---	---	568,044
Sundry						
▸ Computer	85,305	4,927	2,550	---	---	92,782
▸ General administration	101,175	5,634	2,268	688	---	109,765
▸ Insurance	39,126	---	---	---	---	39,126
▸ Meetings	175	17,812	---	---	---	17,987
▸ Miscellaneous	83,256	37,951	---	---	---	121,207
▸ Professional development	20,384	598	21	180	---	21,183
▸ Professional fees	71,019	---	---	---	6,511	77,530
▸ Program expenses	12,330	---	---	117	79,117	91,564
▸ Repairs and maintenance	33,957	1,038	---	---	---	34,995
▸ Telephone	74,037	17,750	992	367	---	93,146
▸ Travel	61,821	11,136	2,836	290	---	76,083
Total Sundry	582,585	96,846	8,667	1,642	85,628	775,368
Rotman Advanced Leadership Project Revenues	---	307,745	---	---	---	307,745
Rotman Advanced Leadership Project Expenditures	---	(307,745)	---	---	---	(307,745)
	---	---	---	---	---	---
Amortization	---	---	---	---	327,738	327,738
Total Net Deficit	---	---	---	---	(19,454)	(19,454)