

**FINANCIAL STATEMENTS
MARCH 31, 2021**

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**Rideau Community
Health Services
Financial Statements
March 31, 2021**



Rideau Community
Health Services

Your Community Health Centre

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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Michele Bellows Michele Bellows

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Rideau Community Health Services (the 'Entity'), which comprise:

- the statement of financial position as at March 31, 2021;
- the statement of operations and net financial assets for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the '**Auditors' 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 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 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.

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 judgement 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 of 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 auditors' 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 auditors' 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.



Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
June 17, 2021.

Rideau Community Health Services Statement of Financial Position

March 31	2021	2020
	\$	\$
Assets		
Current Assets		
Cash	2,220,486	2,358,269
Accounts receivable (note 2)	434,047	99,986
Accounts receivable ▶ HST (note 2)	198,570	359,230
Prepaid expenses	56,594	50,208
	2,909,697	2,867,693
Capital Assets (note 3)	1,496,220	1,512,212
	4,405,917	4,379,905
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	1,140,776	1,054,825
Due to Ministry of Health (note 4)	1,552,850	1,396,890
Deferred revenues (note 5)	104,281	289,367
	2,797,907	2,741,082
Deferred Contributions (note 6)	1,474,108	1,490,100
	4,272,015	4,231,182
Contingent Liabilities (note 10)		
Net Financial Assets		
Invested in capital assets	22,112	22,112
Unrestricted	111,790	126,611
	133,902	148,723
	4,405,917	4,379,905

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

Rideau Community Health Services Statement of Operations

For the year ended March 31	2021	2020
	\$	\$
Revenues		
Ministry of Health	8,569,686	8,303,983
Amortization of deferred contributions	220,261	377,441
Ministry of Community and Social Services	126,268	127,268
Recoverables and other income	1,767,950	599,935
	10,684,165	9,408,627
Expenses		
Compensation		
Salaries	6,679,992	5,791,950
Benefits	1,429,642	1,357,613
Service Cost		
Rent and accommodation	643,212	538,258
Medical supplies	370,273	78,158
Contracted out	392,168	316,627
Equipment	249,746	88,996
Sundry	713,692	859,624
Amortization	220,261	394,998
	10,698,986	9,426,224
Deficiency of Revenues Over Expenses From Operations	(14,821)	(17,597)
Other Revenues and Expenses		
Revenues ▶ Rotman Advanced Leadership Project	---	50,985
Expenses ▶ Rotman Advanced Leadership Project	---	(50,945)
	---	40
Deficiency of Revenues Over Expenses	(14,821)	(17,557)
Net Financial Assets, Beginning of Year	148,723	166,280
Net Financial Assets, End of Year	133,902	148,723

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	2021	2020
	\$	\$	\$	\$
Balance, Beginning of Year	22,112	126,611	148,723	166,280
Deficiency of Revenues over Expenses	---	(14,821)	(14,821)	(17,557)
Balance, End of Year	22,112	111,790	133,902	148,723

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	2021	2020
	\$	\$
Cash Flows Provided From:		
Operating		
Deficiency of revenues over expenses	(14,821)	(17,557)
Amortization of capital assets	220,261	394,998
Amortization of deferred contributions	(220,261)	(377,441)
	(14,821)	---
Net Change in Non-Cash Working Capital Balances Related to Operations		
Accounts receivable	(334,061)	(88,194)
Accounts receivable ▶ HST	160,660	(54,156)
Prepaid expenses	(6,386)	2,419
Accounts payable and accrued liabilities	85,951	85,364
Due to Ministry of Health	155,960	451,342
Deferred revenues	(185,086)	203,043
	(122,962)	599,818
Net Change from Operations	(137,783)	599,818
Investing Activities		
Capital asset additions	(204,268)	(949,194)
Financing Activities		
Net increase in deferred contributions	204,268	949,194
Change in Cash, During the Year	(137,783)	599,818
Cash, Beginning of Year	2,358,269	1,758,451
Cash, End of Year	2,220,486	2,358,269

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

Rideau Community Health Services

Notes to the Financial Statements

March 31, 2021

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

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 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.

The Organization follows the deferral method of accounting for contributions for non-government funds.

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, 2021

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, 2021

2. Accounts Receivable

Accounts receivable are comprised of the following:

	2021	2020
	\$	\$
HST	198,570	359,230
Other	434,047	99,986
	632,617	459,216

3. Capital Assets

	2021			2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Building	1,272,339	697,888	574,451	514,471
Furniture and Fixtures	30,910	12,249	18,661	24,881
Computer Equipment	300,109	149,311	150,798	98,392
Medical Equipment	188,478	159,488	28,990	59,850
Leasehold Improvements	1,002,492	279,172	723,320	814,618
	2,794,328	1,298,108	1,496,220	1,512,212

4. Due to Ministry of Health

Ministry of Health	2021	2020
	\$	\$
2019	757,574	757,574
2020	563,097	639,316
2021	232,179	---
Balance, end of year	1,552,850	1,396,890

Rideau Community Health Services Notes to the Financial Statements

March 31, 2021

5. Deferred Revenue

(a) Deferred revenue for the current year is comprised of the following activity:

	Donations	Funding	Total
	\$	\$	\$
Opening Balance	44,030	245,337	289,367
Revenues Received in Year	46,618	182,838	229,456
Expenses in Year	(37,494)	(377,048)	(414,542)
Ending Balance	53,154	51,127	104,281

(b) Donations are part of non-government funds, and are reflected as 'Other' on the Operating Statement Schedule on page 16.

(c) Funding, which is primarily Lanark County, is reflected on the Operating Statement Schedule as Addiction.

6. Deferred Contributions

The Ministry of Health 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 \$200,000 demand credit facility with the Royal Bank of Canada. This facility was not in use as at March 31, 2021.

8. Operating Leases

RCHS leases premises in Smiths Falls on a month to month basis, in Brockville until October 2024 and in Perth until November 2023. Future minimum lease payments, including operating costs and HST are:

	\$
2022	299,379
2023	121,966
2024	107,121
2025	21,585

Rideau Community Health Services Notes to the Financial Statements

March 31, 2021

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,
- ▶ 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.

Rideau Community Health Services Notes to the Financial Statements

March 31, 2021

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. 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.

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

12. Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ('COVID-19') as a pandemic. This resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus.

The pandemic has had significant operational and financial impacts including service reductions, declines in associated user fee revenues and additional costs. While impacts have been mitigated by associated funding and other cost saving measures, the pandemic has created uncertainty over current and future year operations and the financial position of the Organization.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and conditions of the Organization in future periods. The Organization continues to closely monitor and assess the impact on its operations. It is management's assessment that the Organization will have sufficient resources to mitigate the potential losses in 2021 as a result of COVID-19.

Rideau Community Health Services Operating Statement Schedule

March 31, 2021

	LHIN CHC Core	MCSS	Addiction	Other	Totals & Net Surplus (Deficit)
	\$	\$	\$	\$	\$
Revenues					
▸ LHIN	8,802,760	---	---	---	8,802,760
▸ MCSS	---	126,268	---	---	126,268
▸ Recoverable	1,558,460	65,000	104,693	39,797	1,767,950
▸ Amortization of deferred contributions	---	---	---	220,261	220,261
Less: amounts owing to Ministry	(233,074)	---	---	---	(233,074)
Total Revenues	10,128,146	191,268	104,693	260,058	10,684,165
Expenses					
Compensation					
▸ Salaries	6,458,027	135,685	86,280	---	6,679,992
▸ Benefits	1,386,365	26,231	17,046	---	1,429,642
Total Compensation	7,844,392	161,916	103,326	---	8,109,634
Service Cost					
▸ Contracted out	392,168	---	---	---	392,168
▸ Equipment	249,746	---	---	---	249,746
▸ Medical supplies	352,364	17,909	---	---	370,273
▸ Rent and accommodation	638,512	4,700	---	---	643,212
Total Service Cost	1,632,790	22,609	---	---	1,655,399
Sundry					
▸ Computer	129,330	1,800	---	---	131,130
▸ General administration	106,258	2,309	---	---	108,567
▸ Insurance	36,112	---	---	---	36,112
▸ Miscellaneous	31,885	---	---	---	31,885
▸ Professional development	29,053	21	---	---	29,074
▸ Professional fees	60,749	---	---	---	60,749
▸ Program expenses	62,502	---	1,000	54,618	118,120
▸ Repairs and maintenance	77,515	---	---	---	77,515
▸ Telephone	100,007	995	367	---	101,369
▸ Travel	17,553	1,618	---	---	19,171
Total Sundry	650,964	6,743	1,367	54,618	713,692
Amortization	---	---	---	220,261	220,261
Total Net Deficit	---	---	---	(14,821)	(14,821)