

Financial Statements of

**RIDEAU COMMUNITY
HEALTH SERVICES**

And Independent Auditor's Report thereon

Year ended March 31, 2022

RIDEAU COMMUNITY HEALTH SERVICES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors 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, 2022
- 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, the financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, and its results of operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 auditors' 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.

Other Matter – Comparative Information

The financial statements as at and for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 17, 2021.



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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.

Auditors' 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 auditors' 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.



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- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

September 6, 2022

RIDEAU COMMUNITY HEALTH SERVICES


Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 3,443,924	\$ 2,220,486
Accounts receivable	171,064	434,047
HST recoverable	240,924	198,570
Prepaid expenses	13,717	56,594
	<u>3,869,629</u>	<u>2,909,697</u>
Capital assets (note 3)	1,357,965	1,496,220
	<u>\$ 5,227,594</u>	<u>\$ 4,405,917</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 995,728	\$ 1,140,776
Due to Ontario Health (note 4)	2,188,105	1,552,850
Deferred revenue (note 5)	585,353	104,281
	<u>3,769,186</u>	<u>2,797,907</u>
Deferred capital contributions (note 6)	1,335,853	1,474,108
Net assets:		
Invested in capital assets (note 12)	22,112	22,112
Unrestricted	100,443	111,790
	<u>122,555</u>	<u>133,902</u>
Commitments (note 9)		
Economic dependance (note 11)		
Contingent liabilities (note 13)		
	<u>\$ 5,227,594</u>	<u>\$ 4,405,917</u>


See accompanying notes to financial statements.

Approved on behalf of the Board:

DocuSigned by:

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Janet Cosier

Board Chair

DocuSigned by:

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Michèle LeBlanc

Treasurer

RIDEAU COMMUNITY HEALTH SERVICES

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Ontario Health	\$ 8,940,850	\$ 8,569,686
Amortization of deferred contributions	218,128	220,261
Ministry of Children, Community and Social Services	228,946	126,268
Recoverables and other income	1,372,487	1,767,950
	<u>10,760,411</u>	<u>10,684,165</u>
Expenses:		
Compensation:		
Salaries	6,942,147	6,679,992
Benefits	1,399,599	1,429,642
Service cost:		
Rent and accommodation	645,765	643,212
Medical supplies	156,704	370,273
Contracted out	454,172	392,168
Equipment	17,831	249,746
Sundry	937,412	713,692
Amortization	218,128	220,261
	<u>10,771,758</u>	<u>10,698,986</u>
Deficiency of revenue over expenses	\$ (11,347)	\$ (14,821)

See accompanying notes to financial statements.

RIDEAU COMMUNITY HEALTH SERVICES

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	Invested in capital assets (note 12)	Unrestricted	2022 Total	2021 Total
Balance, beginning of year	\$ 22,112	\$ 111,790	\$ 133,902	\$ 148,723
Deficiency of revenue over expenses	–	(11,347)	(11,347)	(14,821)
Balance, end of year	\$ 22,112	\$ 100,443	\$ 122,555	\$ 133,902

See accompanying notes to financial statements.

RIDEAU COMMUNITY HEALTH SERVICES

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used for):		
Operating activities:		
Deficiency of revenue over expenses	\$ (11,347)	\$ (14,821)
Items not involving cash:		
Amortization of capital assets	218,128	220,261
Amortization of deferred capital contributions	(218,128)	(220,261)
Change in non-cash operating working capital:		
Accounts receivable	262,983	(334,061)
HST recoverable	(42,354)	160,660
Prepaid expenses	42,877	(6,386)
Accounts payable and accrued liabilities	(145,428)	85,951
Due to Ontario Health	635,635	155,960
Deferred revenue	481,072	(185,086)
	1,223,438	(137,783)
Investing activities:		
Acquisition of capital assets	(79,873)	(204,268)
Financing activities:		
Receipt of deferred capital contributions	79,873	204,268
Increase (decrease) in cash	1,223,438	(137,783)
Cash, beginning of year	2,220,486	2,358,269
Cash, end of year	\$ 3,443,924	\$ 2,220,486

See accompanying notes to financial statements.

RIDEAU COMMUNITY HEALTH SERVICES

Notes to Financial Statements

Year ended March 31, 2022

1. Purpose of the Organization:

Rideau Community Health Services (the "Organization") is incorporated under the laws of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met. 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.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government 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

Under various Province of Ontario Acts and Regulations thereto, the Organization is funded primarily in accordance with budget arrangements established by Ontario Health (the "Ministry"). 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 that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2022.

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 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 at a rate corresponding with the amortization rate for the related capital asset.

Funding from government sources is recognized as related costs are incurred, up to approved maximum funding levels.

RIDEAU COMMUNITY HEALTH SERVICES

Notes to Financial Statements

Year ended March 31, 2022

2. Significant accounting policies (continued):

(b) Capital assets:

Capital assets are recorded at cost.

Capital assets are amortized on a straight-line basis with the exception of buildings which are amortized using the declining balance method, with the following estimated useful lives:

Asset	Useful life
Buildings	5%
Computer equipment	5 years
Furniture and fixtures	5 years
Generator	5 years
Building and medical equipment	5 years
Leasehold improvements	10 years

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.

RIDEAU COMMUNITY HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(c) 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.

(d) Employee future benefits:

The Organization is an employer member of the Healthcare of Ontario Pension Plan, which is a multi-employer, defined benefit pension plan. The Organization has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. Contributions to the multi-employer defined benefit plan are expensed when due. The most recent regulatory funding valuation of this multi-employer pension plan conducted as at December 31, 2021 disclosed actuarial assets of \$114.4 million with accrued pension liabilities of \$85.96 million, resulting in a surplus of \$28.5 million. This filing valuation also confirmed that the plan was fully funded on a solvency basis as at December 31, 2021 based on the assumptions and methods adopted for the valuation.

(e) 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

RIDEAU COMMUNITY HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

3. Capital assets:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Buildings	\$ 1,272,339	\$ 723,480	\$ 548,859	\$ 574,451
Computer equipment	306,327	166,094	140,233	18,661
Furniture and fixtures	32,256	18,738	13,518	150,798
Building and medical equipment	203,705	186,491	17,214	28,990
Leasehold improvements	1,002,492	364,351	638,141	723,320
	\$ 2,817,119	\$ 1,459,154	\$ 1,357,965	\$ 1,496,220

Cost and accumulated amortization at March 31, 2021 amounted to \$2,794,328 and \$1,298,108, respectively.

4. Due to Ontario Health:

Funding received from the Ontario Health for program administration exceeded expenses, resulting in amounts payable as follows:

	2022	2021
2019	\$ 757,574	\$ 757,574
2020	563,097	563,097
2021	232,179	232,179
2022	635,255	–
	\$ 2,188,105	\$ 1,552,850

The funding received from the province is based on approved fiscal allocations by the relevant Ministry. Current year unspent fiscal allocations are recognized as accounts payable to the relevant Ministry and are adjusted on the Statement of Operations in the current period. These amounts are also subject to annual fiscal review and approval by the Ministry. Any year-end adjustments resulting from these reviews will be reflected as a recovery on the Statement of Operations in the year of determination.

RIDEAU COMMUNITY HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

5. Deferred revenue:

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

	Donations	Funding	Total
Opening balance	\$ 53,154	\$ 51,127	\$ 104,281
Receipts during the year	59,282	529,135	588,417
Expenses during the year	(56,218)	(51,127)	(107,345)
Balance, end of year	\$ 56,218	\$ 529,135	\$ 585,353

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

(c) Included in Funding deferred revenue is \$525,000 (2021 - \$nil) related to the 2021-22 Ontario Health Team Implementation Supports Funding that was approved by the Ministry of Health: Ontario Health Teams Division to be carried forward to the 2023 fiscal year.

6. Deferred capital contributions:

The Ontario Health provide grants for approved acquisitions of capital assets. The unamortized portion of deferred capital contributions with which some of the Organization's capital assets were originally purchased are recorded in deferred capital contributions and amortized over the useful life of the associated asset.

	2022	2021
Balance, beginning of year	\$ 1,474,108	\$ 1,490,101
Additional contributions	79,873	204,268
Amounts amortized to revenue	(218,128)	(220,261)
Balance, end of year	\$ 1,335,853	\$ 1,474,108

7. Credit facility:

The Organization has access to a \$200,000 demand credit facility with the Royal Bank of Canada. The credit facility was undrawn at March 31, 2022 (2021 - undrawn).

RIDEAU COMMUNITY HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Pension plan:

Substantially all of the employees of the Organization are members of the Healthcare of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Contributions to the Plan made during the year by the Organization on behalf of its employees amounted to \$889,974 (2021 - \$965,196) and are included in benefits expense on the Statement of Operations.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The Plan's 2021 Annual Report indicates the plan is fully funded at 120%.

9. Commitments:

The Organization has entered into various rent agreements for its premises. Future minimum lease payments, including operating costs and HST are:

2023	\$	445,277
2024		366,937
2025		338,157
2026		14,090

10. 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.

The Organization's financial instruments consist of cash, accounts receivable, HST recoverable, accounts payable and accrued liabilities, due to Ontario Health, and deferred revenue. The fair values of cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

RIDEAU COMMUNITY HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

10. Risk management (continued):

(a) 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 approximately 60% of receivables are due from governments. The balance of the allowance for doubtful accounts at March 31, 2022 is \$nil (2021 - \$nil).

(b) 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.

There have been no significant changes to these risk exposures from 2021.

11. Economic dependence:

The Organization receives a significant portion of its funding from the Province of Ontario through Ontario Health and Ministry of Children Community and Social Services, and, in this respect, is economically dependent upon the Province of Ontario for continued support. The ability of the Organization to continue operations as its current size and scale is dependent upon funding agreements remaining in effect.

12. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2022	2021
Capital assets	\$ 1,357,965	\$ 1,496,220
Amounts financed by:		
Deferred contributions	(1,335,853)	(1,474,108)
Balance, end of year	\$ 22,112	\$ 22,112

RIDEAU COMMUNITY HEALTH SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

12. Investment in capital assets (continued):

(b) Change in net assets invested in capital assets is calculated as follows:

	2022	2021
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	\$ 218,128	220,261
Amortization of capital assets	(218,128)	(220,261)
	\$ -	\$ -
Net change in investment in capital assets:		
Purchase of capital assets	\$ 79,873	204,268
Amounts funded by deferred contributions	(79,873)	(204,268)
	\$ -	\$ -

13. Contingent liabilities:

The nature of the Organizations activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at March 31, 2022, management believes that the Organization has valid defences and appropriate insurance coverages in place.

RIDEAU COMMUNITY HEALTH SERVICES

Schedule - Operating Statement

Year ended March 31, 2022

	Ontario Health Community Health Centre Core	Lanark Leeds Grenville Ontario Health Team	Ministry of Children Community and Social Services	Addiction	Other	Total
Revenue:						
Ontario Health	\$ 9,178,040	\$ 402,265	\$ –	\$ –	\$ –	\$ 9,580,305
MCCSS	–	–	228,946	–	–	228,946
Recoverable	1,213,482	–	–	95,356	63,649	1,372,487
Amortization of deferred capital contributions	–	–	–	–	218,128	218,128
Less: amounts owing to Ontario Health	(628,601)	(6,655)	(4,199)	–	–	(639,455)
Total revenues	9,762,921	395,610	224,747	95,356	281,777	10,760,411
Expenses:						
Compensation						
Salaries	6,419,203	278,828	167,908	76,208	–	6,942,147
Benefits	1,318,037	28,773	37,282	15,507	–	1,399,599
Total compensation	7,737,240	307,601	205,190	91,715	–	8,341,746
Service cost						
Contracted out	454,172	–	–	–	–	454,172
Equipment	17,831	–	–	–	–	17,831
Medical supplies	155,959	–	745	–	–	156,704
Rent and accommodation	643,807	–	1,958	–	–	645,765
Total service cost	1,271,769	–	2,703	–	–	1,274,472
Sundry						
Computer	215,958	6,003	–	–	–	221,961
General administration	139,751	47,729	9,670	3,168	74,996	275,314
Insurance	44,558	–	–	–	–	44,558
Miscellaneous	45,531	–	–	–	–	45,531
Professional development	40,149	–	153	–	–	40,302
Professional fees	49,932	29,574	900	–	–	80,406
Program expenses	46,850	875	51	–	–	47,776
Repairs and maintenance	52,207	–	–	–	–	52,207
Telephone	92,686	3,231	1,496	473	–	97,886
Travel	26,290	597	4,584	–	–	31,471
Total sundry	753,912	88,009	16,854	3,641	74,996	937,412
Amortization	–	–	–	–	218,128	218,128
Total expenses	9,762,921	395,610	224,747	95,356	293,124	10,771,758
Deficiency of revenue over expenses	\$ –	\$ –	\$ –	\$ –	\$ (11,347)	\$ (11,347)