

CAREA COMMUNITY HEALTH CENTRE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021



Smith
Chappell
Marsh
Vilander LLP

H. Howard Smith, FCPA (Retired)
Richard A. Chappell, CPA, CA (Retired)
Deborah L. Marsh, CPA, CA
Vesa K. Vilander, CPA, CA

INDEPENDENT AUDITOR'S REPORT

To the Members of:
Carea Community Health Centre

Qualified Opinion

We have audited the financial statements of Carea Community Health Centre (the Organization), which comprise the statement of financial position as at March 31, 2021 and March 31, 2020, and the statements of operations, changes in net assets and cash flows for the years then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the possible effects 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 Organization as at March 31, 2021 and March 31, 2020, and the results of its operations and its cash flows for the years 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 Organization derives revenue from 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years.

We conducted our audits 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 report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audits 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 these 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 Organization'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 Organization'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 Organization 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.

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Smith Chappell Mans Villander CP
Chartered Professional Accountants, Licensed Public Accountants

June 14, 2021
Oshawa, Ontario

CAREA COMMUNITY HEALTH CENTRE

(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE LAWS OF THE PROVINCE OF ONTARIO)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	<u>General Fund</u>	<u>Capital Project</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>				
Current				
Cash and cash equivalents	\$ 2,069,283	\$ -	\$ 2,069,283	\$ 1,990,051
Accounts receivable	493,880	-	493,880	514,518
Prepaid expenses	172,809	-	172,809	157,520
Due from other funds (Note 3)	42,556	-	42,556	17,422
	<u>2,778,528</u>	<u>-</u>	<u>2,778,528</u>	<u>2,679,511</u>
Capital (Note 4)	<u>694,333</u>	<u>6,654,164</u>	<u>7,348,497</u>	<u>7,940,357</u>
	<u>\$ 3,472,861</u>	<u>\$ 6,654,164</u>	<u>\$ 10,127,025</u>	<u>\$ 10,619,868</u>

Approved by the Board of Directors:



Laura Boyko



Harry Deeg

June 21, 2021

CAREA COMMUNITY HEALTH CENTRE

(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE LAWS OF THE PROVINCE OF ONTARIO)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	<u>General Fund</u>	<u>Capital Project</u>	<u>2021</u>	<u>2020</u>
<u>LIABILITIES</u>				
Current				
Accounts payable	\$ 1,259,355	-	\$ 1,259,355	\$ 1,168,899
Due to Ministries (Note 8)	241,272	-	241,272	62,099
Deferred revenue (Note 5)	146,359	-	146,359	281,637
Deferred capital contributions (Note 6)	369,298	-	369,298	251,614
Due to other funds (Note 3)	-	42,556	42,556	17,422
	<u>2,016,284</u>	<u>42,556</u>	<u>2,058,840</u>	<u>1,781,671</u>
<u>FUND BALANCES</u>				
Invested in Capital Assets (Note 10)	325,035	6,654,164	6,979,199	7,688,743
Externally restricted (Note 2)	-	(42,556)	(42,556)	(17,422)
Unrestricted	<u>1,131,542</u>	<u>-</u>	<u>1,131,542</u>	<u>1,166,876</u>
	<u>1,456,577</u>	<u>6,611,608</u>	<u>8,068,185</u>	<u>8,838,197</u>
	<u>\$ 3,472,861</u>	<u>\$ 6,654,164</u>	<u>\$ 10,127,025</u>	<u>\$ 10,619,868</u>

CAREA COMMUNITY HEALTH CENTRE
STATEMENT OF OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Revenue		
Central East LHIN	\$ 11,635,731	\$ 10,539,799
Ministry of Health and Long-Term Care	370,433	423,445
Ministry of Children, Community and Social Services	326,774	326,774
Government Grants and Other	257,912	395,217
Other project grants	839,515	164,837
Program service fees	6,574	42,499
Foundation & Corporate Grants	27,400	38,404
Donations	125,671	36,863
Fundraising	48	95,679
Interest	7,494	27,181
Amortization of deferred contributions (Note 6)	55,919	16,439
	<hr/>	<hr/>
	13,653,471	12,107,137
	<hr/>	<hr/>
Expenses		
Compensation expenses		
Salaries and benefits	10,743,329	9,117,463
Purchased services	520,852	684,294
Program expenses		
Program materials	961,975	409,752
Medical supplies	62,069	70,065
Travel and transportation	46,171	77,746
Fees and memberships	158,155	153,470
Recruitment	33,679	30,607
Advertising	14,539	29,298
Administration and other expenses		
Office and general	80,367	144,757
Telephone	55,347	61,081
Computer supplies and maintenance	108,194	123,538
Professional fees	28,282	145,750
Bank charges and interest	24,802	19,129
Insurance	44,862	55,322
Amortization	110,333	108,408
Occupancy	742,373	861,794
Fundraising	553	35,066
	<hr/>	<hr/>
	13,735,882	12,127,540
	<hr/>	<hr/>
EXCESS OF EXPENSES OVER REVENUE	\$ (82,411)	\$ (20,403)
	<hr/> <hr/>	<hr/> <hr/>

CAREA COMMUNITY HEALTH CENTRE

STATEMENT OF OPERATIONS - CAPITAL PROJECT

FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Revenue	\$ -	\$ -
Expenses		
Amortization	684,143	805,525
Professional fees	3,458	-
EXCESS OF EXPENSES OVER REVENUE	\$ (687,601)	\$ (805,525)

CAREA COMMUNITY HEALTH CENTRE

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2021

	<u>Invested in Capital Assets</u>	<u>General Fund</u>	<u>Capital Project</u>	<u>2021</u>	<u>2020</u>
Opening balance	\$ 7,688,743	\$ 1,166,876	\$ (17,422)	\$ 8,838,197	\$ 9,732,078
Prior year adjustment due to funders' review (Note 9)	-	-	-	-	(67,952)
	<u>7,688,743</u>	<u>1,166,876</u>	<u>(17,422)</u>	<u>8,838,197</u>	<u>9,664,126</u>
Excess of revenue over expenses (expenses over revenue)	(738,557)	(27,997)	(3,458)	(770,012)	(825,929)
-operating (Note 10)	29,013	(7,337)	(21,676)	-	-
	<u>\$ 6,979,199</u>	<u>\$ 1,131,542</u>	<u>\$ (42,556)</u>	<u>\$ 8,068,185</u>	<u>\$ 8,838,197</u>
Closing balance (deficit)					

CAREA COMMUNITY HEALTH CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Operating Activities		
Excess of revenue over expenses	\$ (770,012)	\$ (825,928)
Charges to income not involving cash:		
Amortization	794,476	913,933
Adjustment due to funders' review	-	(67,952)
Amortization of deferred contributions (Note 6)	(55,919)	(16,439)
Net change in non-cash working capital balances related to operations (Note 16)	139,700	(182,155)
	<u>108,245</u>	<u>(178,541)</u>
Financing Activity		
Increase in deferred contributions related to capital assets	173,603	185,859
Investing Activity		
Additions to capital assets	(202,616)	(129,345)
Change in Cash and Cash Equivalents During the Year	79,232	(122,027)
Cash and Cash Equivalents at Beginning of Year	1,990,051	2,112,078
Cash and Cash Equivalents at End of Year	<u>\$ 2,069,283</u>	<u>\$ 1,990,051</u>

CAREA COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

1. Status and Nature of Activities

As of November 1, 2015, Oshawa Community Health Centre and The Barbara Black Centre for Youth Resources (operating as The Youth Centre) officially amalgamated into a single Community Health Centre under the name Durham Community Health Centre. On January 26, 2018 the organization officially changed its name to Carea Community Health Centre. The organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes providing certain requirements of the Income Tax Act are met. Its mission is to provide integrated and accessible care to enhance health and social well-being in our communities.

2. Significant Accounting Policies

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies:

(a) Fund Accounting

The financial statements are prepared in accordance with the principles of fund accounting, whereby the resources of the organization are classified into funds associated with specific activities or objectives. The funds reflected in the financial statements are as follows:

i) The General Fund accounts for the current operations and programs as well as the organization's general operations. Unrestricted contributions (donations and grants) and restricted contributions for the purpose of operating the organization are reported in this fund.

ii) The Capital Project Fund is funded by specific donations and grants to be used for the purpose of building and maintaining facilities for Organization.

CAREA COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

2. Significant Accounting Policies (continued)

(b) Revenue Recognition

The organization follows the restricted fund method in which externally restricted contributions (grants and donations) are recognized when they are received in the fund corresponding to the purpose for which they were donated. Unrestricted contributions are recognized in the general fund. 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.

Pledged donations are not recorded until received.

Government funding is recognized according to the contract.

Fundraising, registration and program revenue is recognized when the events are held.

Contributed materials and services are recorded at fair market value as part of fundraising revenue and expenditures when fair value can be reasonably estimated and when materials and services are used in the normal course of the organization's operations and would otherwise have been purchased.

The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

(c) Capital Assets

Capital assets are recorded at cost and amortized over their estimated useful lives using the following annual rates:

Building	5% declining balance
Computer hardware	30% declining balance
Equipment	20% declining balance
Furniture and fixtures	20% declining balance
Vehicle	25% declining balance
Leasehold improvements	20% declining balance

CAREA COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

2. Significant Accounting Policies (continued)

(d) Use of Estimates

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results may differ from those estimates.

(e) Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and due to Ministries.

No financial assets are measured at fair value.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

CAREA COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

2. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(f) Pension Plan

Defined contribution accounting is applied for the Healthcare of Ontario Pension Plan ("HOOPP"), a multi-employer pension plan, whereby contributions are expensed when due, as Organization has insufficient information to apply defined benefit plan accounting.

3. Interfund (Due To/from Other Funds)

The general fund provided temporary funding for the capital project fund in the amount of \$42,556 (2020 - \$17,422). The Ministry of Health and Long-Term Care (MOHLTC) has approved a budget of \$2,978,443 for the capital project, of which \$2,725,328 has been received. The difference of \$253,115 constitutes \$204,667 due from MOHLTC and \$48,448 not covered by MOHLTC. The shortfall will be funded from the restricted capital project fund.

The capital project audit was completed in the 2020-21 fiscal year. The final project approval and release of funds from MOHLTC is expected in Fall 2021.

CAREA COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

4. Capital Assets

Capital assets are stated as follows:

General:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net</u>	<u>2020 Net</u>
Computer equipment	\$ 302,027	\$ 249,014	\$ 53,013	\$ 75,733
Equipment	314,312	169,697	144,615	153,060
Furniture and Fixtures	87,750	46,493	41,257	51,572
Building	239,189	42,376	196,813	141,481
Vehicle	271,020	114,528	156,492	74,202
Leasehold improvements	230,109	127,966	102,143	127,678
	<u>\$ 1,444,407</u>	<u>\$ 750,074</u>	<u>\$ 694,333</u>	<u>\$ 623,726</u>

Capital Project:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net</u>	<u>2020 Net</u>
Building	\$ 9,430,153	\$4,480,803	\$4,949,350	\$5,209,842
Computer equipment	78,219	77,339	880	1,257
Furniture and Fixtures	223,022	144,985	78,037	97,546
Leasehold improvements	2,820,246	1,194,349	1,625,897	2,007,986
	<u>\$12,551,640</u>	<u>\$5,897,476</u>	<u>\$6,654,164</u>	<u>\$7,316,631</u>

5. Deferred Revenue

Deferred revenue represents funding that has been received and relates to a subsequent year. Deferred revenue is comprised of \$146,359 (2020 - \$281,637) from grants for activities to be conducted subsequent to March 31, 2021.

CAREA COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

6. Deferred Capital Contributions

Deferred contributions relate to specific grants received for the purchase of capital assets by the organization. The amortization of capital contributions is recorded as revenue in the statement of operations on the same basis as the amortization expense related to these capital assets.

	<u>2021</u>	<u>2020</u>
Beginning of year	\$ 251,614	\$ 82,193
Grants received during the year	173,603	185,860
Transferred to revenue during the year	(55,919)	(16,439)
End of the year	<u>\$ 369,298</u>	<u>\$ 251,614</u>

7. Bank Credit Facility

The bank credit facility represents a line of credit with the Royal Bank of Canada to a maximum of \$500,000. The interest rate is Royal Bank prime. Security pledged for the line of credit consists of a general security agreement. There was no balance outstanding at March 31, 2021 (no balance outstanding at March 31, 2020).

CAREA COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

8. Due to Ministries

Central East Local Health Integration Network

Under the terms of the funding agreement for the Health Centre, the organization is required to repay to Central East Local Health Integration Network (CELHIN) any excess of revenue over expenses.

	<u>2021</u>	<u>2020</u>
Total CELHIN funding for operations	\$ 11,861,843	\$ 10,617,475
Deduct: Expenses eligible for CELHIN funding	(11,643,301)	(10,610,215)
	<u>\$ 218,542</u>	<u>\$ 7,260</u>

Ministry of Health and Long Term Care

Under the terms of the funding agreement for the Hepatitis C funding, the organization is required to repay to Ministry of Health and Long Term Care (MOH) any excess of revenue over expenses.

Total MOH funding for operations	\$ 461,463	\$ 461,463
Deduct: Expenses eligible for MOH funding	(461,463)	(461,463)
	<u>\$ -</u>	<u>\$ -</u>

Ministry of Children, Community and Social Services

Under the terms of the funding agreement with the Ministry of Children, Community and Social Services (MCCSS), the organization is required to repay to MCCSS any excess of revenue over expenses.

Total MCCSS funding for operations	\$ 326,774	\$ 326,774
Deduct: Expenses eligible for MCCSS funding	(326,774)	(326,774)
	<u>\$ -</u>	<u>\$ -</u>

Current year total repayable to all Ministries	\$ 218,542	\$ 7,260
Flow through funding repayable	-	-
Balance not yet recovered from prior years at year end	22,730	54,839
	<u>\$ 241,272</u>	<u>\$ 62,099</u>

CAREA COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

9. Ontario Health (East) Grants

Each fiscal year, the organization is required to perform a year-end reconciliation to determine any amounts repayable to, or recoverable from, Ontario Health (East), Ministry of Health and Long Term Care (MOH) and Ministry of Children, Community and Social Services (MCCSS) in accordance with the corporation's operating agreements. As at the Auditors' Report date, the fiscal year ending March 31, 2021 has not been reviewed by Ontario Health (East), MOH and MCCSS, and as a result, future adjustments may be required as a result of this review. Due to the particular requirements of Ontario Health (East), MOH and MCCSS, comparative figures are not restated when these adjustments are made.

CAREA COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

10. Invested in Capital Assets

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

<u>General</u>	<u>2021</u>	<u>2020</u>
Capital Assets	\$ 694,333	\$ 623,726
Less: Amount financed by deferred contributions	(369,298)	(251,614)
	<u>\$ 325,035</u>	<u>\$ 372,112</u>
 <u>Capital Project</u>		
Capital Assets	\$6,654,164	\$7,316,631
Total	<u>\$6,979,199</u>	<u>\$7,688,743</u>

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

	<u>2021</u>	<u>2020</u>
Excess of Expenses over Revenues		
Amortization of deferred contributions	\$ 55,919	\$ 16,439
Amortization of capital assets	\$ (794,476)	\$ (913,933)
	<u>\$ (738,557)</u>	<u>\$ (897,494)</u>
 Net Change - Invested in Capital Assets		
Additions to capital assets	\$ 202,616	\$ 129,345
Additions to deferred capital contributions	(173,603)	(185,860)
	<u>\$ 29,013</u>	<u>\$ (56,515)</u>

CAREA COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

11. Pension Plan

Substantially all of the employees of organization are members of HOOPP which is a multi-employer, defined benefit, final average earnings, contributory pension plan. HOOPP is accounted for as a defined contribution plan. organization's contributions to HOOPP during the fiscal period amounted to \$752,066 (2020 - \$654,928). These amounts are included in salaries and benefits in the statement of operations in the general fund. The most recent valuation for financial reporting purposes completed by HOOPP as of December 31, 2020 disclosed net assets available for benefits of \$103,983 million with pension obligations of \$79,852 million, resulting in a surplus of \$24,131 million.

12. Financial Instruments

Risks and concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at March 31, 2021.

Credit risk

The organization is subject to credit risk through its receivables. Account monitoring procedures are utilized to minimize risk of loss.

Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The organization is subject to interest rate risk through their investments. The organization has formal policies and procedures that establish target asset mix. The organization is subject to interest rate risk through its revolving line of credit. The organization monitors the current interest rate to ensure that their interest rates do not vary much from the market rate.

Liquidity risk

Liquidity risk is defined as the risk that the organization may not be able to settle or meet its obligations as they become due. The organization has taken steps to ensure that it will have sufficient working capital available to meet its obligations.

CAREA COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

13. Commitments

- (a) On July 19, 2007, the organization entered into an agreement for 60 years with the City of Oshawa to lease the land for its current Oshawa site location for a nominal fee.
- (b) The organization has entered into several leases for additional premises which expire on November 30, 2023, March 31, 2025, May 31, 2027 and June 22, 2037.

The following payments are required over the next 5 years:

2022	\$ 433,644
2023	\$ 456,047
2024	\$ 423,203
2025	\$ 350,904
2026	\$ 351,883

14. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's method of presentation.

15. Economic Dependence

In common with other publicly funded agencies, the organization derives the majority of its revenue from the Province of Ontario, through the Central East Local Health Integration Network.

CAREA COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

16. Cash Provided from (Used for) Working Capital

Cash otherwise available from operating activities is influenced by increases or decreases in the following items:

	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 20,638	\$ (282,817)
Prepaid expenses	(15,289)	(20,215)
Deferred revenue	(135,278)	88,373
Due to Ministries	179,173	1,950
Accounts payable	90,456	30,554
	<u>\$ 139,700</u>	<u>\$ (182,155)</u>

17. Contingent Liabilities

During the year, the organization received a claim that in its opinion holds no merit. Legal advice obtained as at the time the financial statements were prepared indicated that it is unlikely that the claim would result in an award. As such, the organization has not accrued any amount related to this claim for the year ended March 31, 2021.

CAREA COMMUNITY HEALTH CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

18. Covid-19 Impact on Operations

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

As at June 14, 2021, the Organization is aware of changes in its operations as result of the COVID-19 crisis, including the reduction of operating hours as well as shifting of in-person offering of programs and services to offering programs and services on virtual platforms.

Carea will transition to a hybrid work model as and when circumstances allow.

19. Partnership with Durham Children's Aid Society (DCAS)

As of May 31, 2021, the organization and DCAS have entered into a three year agreement to operate a child, youth & family clinic at DCAS. The clinic operations will commence June 14, 2021, and DCAS will provide annual operational funding of \$207,159 for each of the three years.