

**Carea Community Health Centre**  
**Financial Statements**  
*March 31, 2023*

# Carea Community Health Centre Contents

*For the year ended March 31, 2023*

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	<i>Page</i>
<b>Independent Auditor's Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Fund Balances.....	3
Statement of Cash Flows.....	4
<b>Notes to the Financial Statements</b> .....	5

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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, 2023, and the statements of operations, changes in fund balances and cash flows for the year 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, 2023, and the results of its operations and its cash flows for the year 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:

- the current assets reported in the statements of financial position as at March 31, 2023 and March 31, 2022
- the donations and fundraising revenue and deficiency of revenue over expenditures reported in the statements of operations and changes in fund balances for the years ended March 31, 2023 and March 31, 2022
- the operating fund balances, at the beginning and end of the year, reported in the statements of operations and changes in fund balances for the years ended March 31, 2023 and March 31, 2022
- the cashflows from operations reported in the statement of cash flows for the years ended March 31, 2023 and March 31, 2022

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Auditor's Responsibilities for the Audited Financial Statements section of our report. We are independent of the Organization 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 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.

Mississauga, Ontario

June 16, 2023

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

# Carea Community Health Centre Statement of Financial Position

*As at March 31, 2023*

	<i>General Fund</i>	<i>Capital Project Fund</i>	<b>2023</b>	<i>2022</i>
<b>Assets</b>				
<b>Current</b>				
Cash	2,136,382	-	2,136,382	2,874,119
Accounts receivable	852,766	-	852,766	228,621
Prepaid expenses	212,247	-	212,247	219,664
Investments	751,135	-	751,135	769,373
Due from other funds	179,814	-	179,814	88,150
	<b>4,132,344</b>	<b>-</b>	<b>4,132,344</b>	<b>4,179,927</b>
<b>Capital assets (Note 3), (Note 4)</b>	<b>606,597</b>	<b>5,609,438</b>	<b>6,216,035</b>	<b>6,750,884</b>
	<b>4,738,941</b>	<b>5,609,438</b>	<b>10,348,379</b>	<b>10,930,811</b>
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	1,406,878	-	1,406,878	1,282,775
Due to government ministries (Note 6) (Note 9)	778,426	-	778,426	761,388
Deferred revenue (Note 7)	571,040	-	571,040	865,196
Current portion of deferred contributions related to capital assets (Note 8)	105,428	-	105,428	100,444
Due to other funds	-	179,814	179,814	88,150
	<b>2,861,772</b>	<b>179,814</b>	<b>3,041,586</b>	<b>3,097,953</b>
<b>Deferred contributions related to capital assets (Note 8)</b>	<b>391,502</b>	<b>-</b>	<b>391,502</b>	<b>345,354</b>
	<b>3,253,274</b>	<b>179,814</b>	<b>3,433,088</b>	<b>3,443,307</b>
<b>Contingencies (Note 9)</b>				
<b>Commitments (Note 10)</b>				
<b>Fund Balances</b>	<b>1,485,667</b>	<b>5,429,624</b>	<b>6,915,291</b>	<b>7,487,504</b>
	<b>4,738,941</b>	<b>5,609,438</b>	<b>10,348,379</b>	<b>10,930,811</b>

Approved on behalf of the Board of Directors

e-Signed by Francis Garwe

2023-06-16 08:53:04:04 MDT

Director

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

**Carea Community Health Centre**  
**Statement of Operations**  
*For the year ended March 31, 2023*

	<i>General Fund</i>	<i>Capital Project Fund</i>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>				
Ontario Health East <i>(Note 13)</i>	13,174,661	-	13,174,661	11,963,859
Ministry of Health	417,766	-	417,766	473,619
Ministry of Children, Community and Social Services	326,774	-	326,774	280,666
Government grants and other	318,185	-	318,185	262,103
Other project grants	1,146,549	-	1,146,549	1,026,802
Program service fees	150,315	-	150,315	24,373
Foundation and corporate grants	3,000	-	3,000	50,000
Donations	137,008	-	137,008	100,659
Fundraising	40,451	-	40,451	92,620
Investment income	41,095	-	41,095	(2,439)
Amortization of deferred contributions related to capital assets <i>(Note 8)</i>	81,159	-	81,159	73,860
	<b>15,836,963</b>	<b>-</b>	<b>15,836,963</b>	<b>14,346,122</b>
<b>Expenses</b>				
Salaries and benefits <i>(Note 11)</i>	11,640,137	-	11,640,137	11,216,624
Program materials	1,277,543	-	1,277,543	913,720
Occupancy	907,868	-	907,868	786,378
Purchased services	815,144	-	815,144	273,318
Computer supplies and maintenance	278,846	-	278,846	166,641
Office and general	177,079	-	177,079	74,272
Fees and memberships	167,693	-	167,693	165,104
Travel and transportation	86,597	-	86,597	78,833
Recruitment	77,914	-	77,914	157,893
Insurance	67,535	-	67,535	47,958
Fundraising	66,301	-	66,301	21,377
Professional fees	63,406	-	63,406	136,069
Medical supplies	50,998	-	50,998	56,556
Telephone	44,720	-	44,720	44,251
Bank charges and interest	42,998	-	42,998	33,886
Advertising	15,367	-	15,367	45,950
Amortization	81,159	547,871	629,030	707,973
	<b>15,861,305</b>	<b>547,871</b>	<b>16,409,176</b>	<b>14,926,803</b>
<b>Deficiency of revenue over expenses</b>	<b>(24,342)</b>	<b>(547,871)</b>	<b>(572,213)</b>	<b>(580,681)</b>

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

**Carea Community Health Centre**  
**Statement of Changes in Fund Balances**

*For the year ended March 31, 2023*

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	<i>General Fund</i>	<i>Capital Project Fund</i>	<b>2023</b>	<b>2022</b>
Fund balances, beginning of year	1,510,009	5,977,495	7,487,504	8,068,185
Deficiency of revenue over expenses	(24,342)	(547,871)	(572,213)	(580,681)
Fund balances, end of year	1,485,667	5,429,624	6,915,291	7,487,504

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

# Carea Community Health Centre

## Statement of Cash Flows

For the year ended March 31, 2023

	2023	2022
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Deficiency of revenue over expenses	(572,213)	(580,681)
Amortization	629,030	707,973
Amortization of deferred contributions related to capital assets	(81,159)	(73,860)
Unrealized loss on investments	(31,093)	-
	(55,435)	53,432
Changes in non - cash working capital accounts		
Accounts receivable	(624,145)	265,259
Prepaid expenses	7,417	(46,855)
Accounts payable and accrued liabilities	124,103	23,420
Deferred revenue	(294,156)	718,837
Due to government ministries	17,038	520,116
	(825,178)	1,534,209
<b>Financing</b>		
Cash contributions received for capital assets	132,291	150,360
<b>Investing</b>		
Purchase of capital assets	(132,292)	(110,360)
Proceeds on disposal of capital assets	38,111	-
Sale (purchase) of investments, net	49,331	(769,373)
	(44,850)	(879,733)
(Decrease) increase in cash	(737,737)	804,836
Cash, beginning of year	2,874,119	2,069,283
Cash, end of year	2,136,382	2,874,119

The accompanying notes are an integral part of these financial statements



**1. Incorporation and nature of the Organization**

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").

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 have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

***Fund accounting***

The Organization follows the restricted fund method of accounting for contributions, 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:

The General Fund reports the Organization's current operations and programs as well as the unrestricted contributions (donations and grants) and externally restricted contributions for the purpose of operating the Organization.

The Capital Project Fund reports the Organization's specific donations and grants to be used for the purpose of building and maintaining facilities for the Organization.

***Revenue recognition***

The Organization uses the restricted fund method of accounting for contributions. Restricted contributions related to capital projects are recognized as revenue of the capital project fund in the year in which they are received. All other restricted contributions are recognized as revenue of the General Fund using the deferral method whereby revenue is recognized as qualifying expenses are incurred because there is not an appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue in the General Fund when earned.

Government funding is recognized in accordance with the terms of the contract.

Pledges are recognized as revenue when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

***Contributed materials***

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the 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. Due to the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

**2. Significant accounting policies (Continued from previous page)**

***Capital assets***

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Buildings	declining balance	5 %
Vehicle	declining balance	25 %
Computer equipment	declining balance	30 %
Equipment	declining balance	20 %
Furniture and fixtures	declining balance	20 %
Leasehold improvements	declining balance	20 %

***Use of estimates***

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Accrued liabilities are based on estimated amounts due as of year end. Amounts due to government ministries are based on annual reviews and reconciliations as described in Note 6.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenues over expenses in the years in which they become known.

***Investments***

Investments consist of holdings in units of exchange traded and mutual funds. Investments are carried at fair market value. Changes in fair value are recorded immediately in the excess (deficiency) of revenues over expenses. Fair values are quoted based on the estimated values of the underlying securities.

***Financial instruments***

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

***Arm's length financial instruments***

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in deficiency of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

## Carea Community Health Centre Notes to the Financial Statements

*For the year ended March 31, 2023*

### 2. Significant accounting policies *(Continued from previous page)*

#### Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

Any impairment, which is not considered temporary, is included in current year deficiency of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in deficiency of revenue over expenses in the year the reversal occurs.

#### 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 the Organization has insufficient information to apply defined benefit plan accounting.

### 3. Capital Assets - General Fund

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>	<i>2022 Net book value</i>
Building	257,807	(71,830)	185,977	171,548
Vehicle	381,379	(177,426)	203,953	238,216
Computer equipment	302,027	(276,051)	25,976	37,109
Equipment	314,312	(215,397)	98,915	123,644
Furniture and fixtures	87,750	(61,345)	26,405	33,006
Leasehold improvements	230,109	(164,738)	65,371	81,716
	<b>1,573,384</b>	<b>(966,787)</b>	<b>606,597</b>	<b>685,239</b>

### 4. Capital Assets - Capital Project Fund

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>	<i>2022 Net book value</i>
Building	9,430,153	(4,963,365)	4,466,788	4,701,882
Computer equipment	78,219	(77,788)	431	616
Furniture and fixtures	223,022	(173,079)	49,943	62,429
Leasehold improvements	2,875,028	(1,782,752)	1,092,276	1,300,718
	<b>12,606,422</b>	<b>(6,996,984)</b>	<b>5,609,438</b>	<b>6,065,645</b>

### 5. Line of credit

The Organization maintains a line of credit facility with its bank to a maximum of \$500,000 and bears interest rate at the bank's prime rate. The credit facility is secured by a first ranking security agreement covering all property of the Organization. As at March 31, 2023 \$Nil (2022- \$Nil) has been drawn down on the facility.

**Carea Community Health Centre**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2023*

6. Due to government ministries

2023                      2022

**Ontario Health East**

Under the terms of the funding agreement for the Health Centre, the Organization is required to repay to Ontario Health East (OHE) any excess of revenue over expenses.

Total OHE funding for operations	13,034,590	12,543,128
Deduct: Expenses eligible for OHE funding	(13,034,590)	(12,128,932)
	-	414,196

**Ministry of Health**

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

Total MOH funding for operations	461,592	461,462
Deduct: Expenses eligible for MOH funding	(417,680)	(401,649)
	43,912	59,813

**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)	(280,667)
	-	46,107

**Current year total repayable to all government ministries**

Current year total repayable to all government ministries	43,912	520,116
MOH current-year claw back	(26,874)	-
Balance not yet recovered from prior years at year end	761,388	241,272
	778,426	761,388

7. Deferred revenue

Deferred revenue includes government grants and other amounts received in advance of services rendered. Deferred revenue is comprised of \$571,040 (2022 - \$865,196) from grants for activities to be conducted subsequent to March 31, 2023.

**Carea Community Health Centre**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2023*

**8. Deferred contributions related to capital assets**

Deferred contributions related to capital assets consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred contributions related to capital assets are as follows:

	2023	2022
Balance, beginning of year	445,798	369,298
Amount received during the year	132,291	150,360
Less: amounts recognized as revenue during the year	(81,159)	(73,860)
<hr/>		
Balance, end of year	496,930	445,798
Less: current portion	(105,428)	(100,444)
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Long-term portion of deferred contributions related to capital assets	391,502	345,354
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**9. Contingencies**

Upon completion of annual reviews and reconciliations of funding provided, Ontario Health East, Ministry of Health (MOH) and Ministry of Children, Community and Social Services (MCCSS), may retroactively adjust funding provided in a prior year. Annual reviews for the fiscal years ending March 31, 2023 have not been completed by Ontario Health East, MOH and MCCSS, and as a result, future adjustments may be required as a result of this review. Management has estimated the amounts payable related to current and prior years of \$778,426 (2021 - \$761,388) and has accrued this amount as payable at year end.

**10. Commitments**

The Organization has entered into various lease agreements for additional premises which expire on November 30, 2023, March 31, 2025, May 31, 2027 and June 22, 2036. The following payments are required over the next 5 years:

2024	241,295
2025	144,836
2026	144,836
2027	157,394
2028	161,580
Thereafter, to June 2036	1,333,035
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	2,182,976
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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.

**11. Employee future benefits**

Substantially all of the employees of the Organization are members of Healthcare of Ontario Pension Plan ("HOOPP") which is a multi-employer, defined benefit, final average earnings, contributory pension plan. There is insufficient information to apply defined benefit plan accounting because the actuary does not attribute portions of the surplus or deficit to individual employers. Accordingly, the Organization is not able to identify its share of the plan assets and liabilities, and therefore, HOOPP is accounted for as a defined contribution plan. The Organization's contributions to HOOPP during the fiscal period amounted to \$828,896 (2022 - \$796,130). 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 was as of December 31, 2021 and disclosed net assets available for benefits of \$103,469 million with pension obligations of \$88,248 million, resulting in a surplus of \$15,221 million.

**12. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Credit risk***

Credit risk arises when one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is subject to credit risk through its receivables. Account monitoring procedures are utilized to minimize risk of loss.

***Other price risk***

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization's investments in publicly-traded securities and mutual funds exposes the Organization to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

***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.

**13. Economic dependence**

In common with other publicly funded agencies, the Organization derives the majority of its revenue from the Province of Ontario, through Ontario Health East which represents 84% (2022 - 83%) of total revenues.