

Durham Community Health Centre
Financial Statements
For the year ended March 31, 2024

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Fund Balances	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 16
Schedule - Expenses	17

Independent Auditor's Report

To the Members of Durham Community Health Centre

Qualified Opinion

We have audited the financial statements of Durham Community Health Centre (the "Organization"), which comprise the statement of financial position as at March 31, 2024, 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 Durham Community Health Centre as at March 31, 2024, and its results of 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 and fundraising activities 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 and fundraising revenue, deficiency of revenue over expenses, and cash flows from operations for years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023 and fund balances as at April 1 and March 31 for both the 2024 and 2023 years. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit 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 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.

Other Matter

The financial statements for the year ended March 31, 2023 were audited by another auditor who expressed a qualified opinion on those financial statements on June 16, 2023 for the reasons described in the Basis for Qualified Opinion section.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Independent Auditor's Report (Continued)

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Markham, Ontario
July 31, 2024

Durham Community Health Centre
Statement of Financial Position

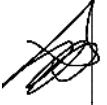
March 31 2024 2023

	General Fund	Capital Project Fund	Total
Assets			
Current			
Cash	\$ 4,278,384	-	\$ 4,278,384
Accounts receivable	840,202	-	840,202
Prepaid expenses	111,470	-	111,470
Investments (Note 2)	824,078	-	824,078
Due from (to) other funds	181,983	(181,983)	-
Capital assets (Note 3, 4)	6,236,117	(181,983)	6,054,134
	977,952	5,159,002	6,136,954
	\$ 7,214,069	\$ 4,977,019	\$ 12,191,088
Liabilities and Net Assets			
Current			
Accounts payable and accrued liabilities	\$ 2,209,725	-	\$ 2,209,725
Due to government ministries (Note 5, 8)	652,032	-	652,032
Deferred revenue (Note 6)	1,644,759	-	1,644,759
Current portion of deferred contributions related to capital assets (Note 7)	202,707	-	202,707
Deferred contributions related to capital assets (Note 7)	4,709,223	-	4,709,223
	774,734	-	774,734
	5,483,957	-	5,483,957
	1,730,112	4,977,019	6,707,131
	\$ 7,214,069	\$ 4,977,019	\$ 12,191,088
Fund Balances			
			2,136,382
			852,766
			212,247
			751,135
			-
			3,952,530
			6,216,037
			\$ 10,168,567

On behalf of the Board:



Aleem Sufi - Board Chair



Marvin Yorke - Board Treasurer

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

**Durham Community Health Centre
Statement of Operations**

For the year ended March 31 2024 2023

	General Fund	Capital Project Fund	Total	Total
Revenue				
Ontario Health East (Note 12)	\$ 14,192,537	-	\$ 14,192,537	\$ 13,174,661
Ministry of Health	454,635	-	454,635	417,766
Ministry of Children, Community and Social Services	296,832	-	296,832	326,774
Government grant and other	82,288	-	82,288	318,185
Other project grants	888,196	-	888,196	1,146,549
Program service fees	198,353	-	198,353	150,315
Foundation and corporate grants	-	-	-	3,000
Donations	64,679	-	64,679	137,008
Fundraising	134,996	-	134,996	40,451
Investment income	225,206	-	225,206	41,095
Amortization of deferred capital contributions related to capital assets (Note 7)	112,078	-	112,078	81,159
	16,649,800	-	16,649,800	15,836,963
Expenses (Schedule)	16,405,355	452,605	16,857,960	16,409,176
Excess (deficiency) of revenue over expenses	\$ 244,445	\$ (452,605)	\$ (208,160)	\$ (572,213)

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

Durham Community Health Centre
Statement of Changes in Fund Balances

For the year ended March 31	2024		2023	
	General Fund	Project Fund	Capital Fund	Total
Fund balances, beginning of year	\$ 1,485,667	\$ 5,429,624	\$ 6,915,291	\$ 7,487,504
Excess (deficiency) of revenue over expenses	244,445	(452,605)	(208,160)	(572,213)
Fund balances, end of year	\$ 1,730,112	\$ 4,977,019	\$ 6,707,131	\$ 6,915,291

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

Durham Community Health Centre Statement of Cash Flows

For the year ended March 31 2024 2023

Cash provided by (used in)

Operating activities

Deficiency of revenue over expenses	\$ (208,160)	\$ (572,213)
Adjustments to reconcile deficiency of revenue over expenses to net cash provided by (used in) operating activities		
Amortization	595,065	629,030
Amortization of deferred capital contributions related to capital assets	(112,078)	(81,159)
Unrealized (gain) loss on investments	(74,822)	31,093
Loss on disposal of capital assets	70,104	-
Changes in non-cash working capital balances		
Accounts receivable	12,564	(624,145)
Prepaid expenses	100,777	7,417
Accounts payable and accrued liabilities	802,847	124,103
Deferred revenue	1,073,719	(294,156)
Due to government ministries	(126,394)	17,038
	2,133,622	(762,992)

Investing activities

Purchase of capital assets	(586,088)	(132,292)
Proceeds on disposal of capital assets	-	38,111
Sale (purchase) of investments, net	1,879	(12,855)
	(584,209)	(107,036)

Financing activities

Cash contributions received for capital assets	592,589	132,291
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Net change in cash 2,142,002 (737,737)

Cash, beginning of year 2,136,382 2,874,119

Cash, end of year \$ 4,278,384 \$ 2,136,382

Durham Community Health Centre

Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies

- a. Purpose of Organization** Durham Community Health Centre (the "Organization") provides integrated, accessible, and equitable community-based primary care, wellness services, and health education to Durham community members who face multiple barriers to their health and well-being.
- 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.
- b. Basis of Accounting** The Organization has prepared its financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").
- c. Fund Accounting** The financial statements are presented on a fund basis and a description of the funds are as follows:
- General Fund
To pay benefits and expenses for the day-to-day activities of the Organization other than those prescribed for the Capital Project Fund noted below.
- Capital Project Fund
The Capital Project Fund reports restricted resources to pay for the building and maintaining facilities for specific projects.
- d. Revenue Recognition** The Organization follows the restricted fund method of accounting for contributions. Externally restricted contributions related to capital projects are recognized as revenue of the capital project fund in the year in which they are received. Contributions restricted for the purchase of capital assets of the General Fund are deferred and amortized into revenue at a rate corresponding with the amortization rate for related assets. 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.

Durham Community Health Centre Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies (continued)

**d. Revenue Recognition
(continued)**

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.

e. Contributed materials

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations and Fund Balances 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.

f. Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided based on the estimated useful life of the assets on a declining basis at the following rates. Construction in progress is not amortized until the tangible capital asset is substantially complete and ready for use:

Building renovations	- 5% to 20%
Vehicle	- 25%
Computer equipment	- 30%
Equipment	- 20%
Furniture and fixtures	- 20%
Leasehold improvements	- 20%

**g. Impairment of
Long-Lived Assets**

The Organization monitors its use of capital assets and when the capital asset no longer contributes to the organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital asset is less than its carrying amount, an impairment is recognized as an expense in the statement of operations.

Durham Community Health Centre Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies (continued)

h. 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 revenue over expenses. Fair values are quoted based on the estimated values of the underlying securities.

i. Financial Instruments

Arm's length financial instruments are recorded at fair value at initial recognition.

Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

In subsequent periods, equities traded in an active market are reported at fair value, with any change in fair value reported in excess (deficiency) of revenue over expenses. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in excess (deficiency) of revenue over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in the statement of operations.

j. 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 amounts of 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 management's best estimates as additional information becomes available in the future.

Durham Community Health Centre Notes to Financial Statements

March 31, 2024

2. Investments

The fair value of investments are comprised as follows:

	2024	2023
Common shares	\$ 448,998	\$ 396,922
Mutual funds	375,080	354,213
	\$ 824,078	\$ 751,135

The cost of investments are comprised as follows:

Common shares	\$ 433,514	\$ 427,891
Mutual funds	369,122	375,851
	\$ 802,636	\$ 803,742

3. Capital Assets - General Fund

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building renovations	\$ 508,457	\$ 109,373	\$ 257,807	\$ 71,828
Vehicle	524,505	234,711	381,379	177,426
Computer equipment	302,027	283,845	302,027	276,051
Equipment	314,312	235,180	314,312	215,397
Furniture and fixtures	28,554	19,845	87,750	61,345
Leasehold improvements	95,209	8,744	230,109	164,738
Construction in Progress	96,586	-	-	-
	\$ 1,869,650	\$ 891,698	\$ 1,573,384	\$ 966,785
Net book value		\$ 977,952		\$ 606,599

During the year, the Organization began construction of a Multi-Sport community playground and Children's play area. The cost to date of \$96,586 is included in capital assets above but no amortization has been recorded since the construction was not completed at year end.

Due to closure of the Ajax location during the year, the Organization wrote off leasehold improvements and furniture and fixtures with a net book value of \$70,104. The loss on write off is included in expenses in the statement of operations, in the general fund.

**Durham Community Health Centre
Notes to Financial Statements**

March 31, 2024

4. Capital Assets - Capital Project Fund

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 9,430,153	\$ 5,186,704	\$ 9,430,153	\$ 4,963,365
Computer equipment	78,219	77,917	78,219	77,788
Furniture and fixtures	223,022	183,067	223,022	173,079
Leasehold improvements	2,875,028	1,999,732	2,875,028	1,782,752
	\$12,606,422	\$ 7,447,420	\$ 12,606,422	\$ 6,996,984
Net book value		\$ 5,159,002		\$ 5,609,438

Durham Community Health Centre Notes to Financial Statements

March 31, 2024

5. Due to government ministries

	2024	2023
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	\$14,482,563	\$ 13,034,590
Deduct: Expenses eligible for OHE funding	(14,482,563)	(13,034,590)
	\$ -	\$ -
 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	\$ 461,462	\$ 461,592
Deduct: Expenses eligible for MOH funding	(461,462)	(417,680)
	\$ -	\$ 43,912
 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	\$ 293,890	\$ 326,774
Deduct: Expenses eligible for MCCSS funding	(293,890)	(326,774)
	\$ -	\$ -
 Current year total repayable to all government ministries		
Current year total repayable to all government ministries	\$ -	\$ 43,912
MOH current-year claw back	-	(26,874)
Balance not yet recovered from prior years at year end	652,032	761,388
Balance owing to all government ministries at year end	\$ 652,032	\$ 778,426

Durham Community Health Centre Notes to Financial Statements

March 31, 2024

6. Deferred revenue

Deferred revenue includes government grants and other amounts received in advance of services rendered. Deferred revenue is comprised of \$1,644,759 (2023 - \$571,040) from grants for activities to be conducted subsequent to March 31, 2024.

7. 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:

	2024	2023
Balance, beginning of year	\$ 496,930	\$ 445,798
Amount received during the year	592,589	132,291
Less: amounts recognized as revenue during the year	(112,078)	(81,159)
Balance, end of year	\$ 977,441	\$ 496,930
Less: current portion	(202,707)	(105,428)
Long-term portion of deferred contributions related to capital assets	<u>\$ 774,734</u>	<u>\$ 391,502</u>

8. 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 year ended March 31, 2024 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 \$652,032 (2023 - \$778,426) and has accrued this amount as payable at year end.

Durham Community Health Centre Notes to Financial Statements

March 31, 2024

9. Commitments

The Organization has entered into various lease agreements for additional premises which expire on March 31, 2026 and July 20, 2036. The following payments are required over the next 5 years:

<u>Year</u>	<u>Amount</u>
2025	\$ 181,062
2026	181,062
2027	155,999
2028	161,580
2029	161,580
Thereafter, to June 2036	<u>1,184,920</u>
	<u>\$ 2,026,203</u>

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.

10. 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 current year were \$809,616 (2023 - \$828,896). 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, 2022.

Durham Community Health Centre Notes to Financial Statements

March 31, 2024

11. Financial Instruments Risks

The Organization is subject to the following risks on its financial instruments which have not changed from the prior year:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's financial instruments that are exposed to concentrations of credit risk relate primarily to cash, investments and receivables. The Organization manages its exposure to this risk by maintaining its cash and investment balances with a major bank. Accounting 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 its investments. The Organization has formal policies and procedures that establish target asset mix. The Organization is also subject to interest rate risk through its revolving line of credit. The Organization monitors interest rate to ensure that their interest rates do not vary much from the market rate.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, due to government ministries, and commitments. The Organization's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient cash flows to fund its operations and to meet its liabilities when due. The Organization maintains a portion of its invested assets in liquid securities, and also maintains a credit facility which can be drawn upon as needed.

12. 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 85% (2023 - 84%) of total revenues.

Durham Community Health Centre
Schedule - Expenses

	2024	2023
	General Fund	Capital Project Fund
	Total	Total
For the year ended March 31		
Salaries and benefits (Note 10)	\$ 12,092,125	\$ 11,640,137
Occupancy	955,980	907,868
Purchased services	855,679	815,924
Amortization	142,460	629,030
Computer supplies and maintenance	558,186	278,846
Professional fees	512,546	63,406
Program materials	449,021	1,277,543
Office and general	249,900	177,079
Fees and memberships	125,753	167,693
Fundraising	75,515	66,301
Telephone	72,423	44,720
Loss on disposal of capital assets (Note 3)	70,104	-
Insurance	62,791	67,535
Advertising	57,106	15,367
Medical supplies	45,463	50,998
Recruitment	35,997	77,134
Bank charges and interest	34,795	42,998
Travel and transportation	9,511	86,597
	\$ 16,405,355	\$ 16,857,960
		\$ 452,605
		\$ 16,409,176

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