

**Somerset West Community  
Health Centre  
Financial Statements  
March 31, 2008**

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## Auditors' Report

To the Members of  
Somerset West Community Health Centre

We have audited the statement of financial position of the Somerset West Community Health Centre as at March 31, 2008 and the statements of operations, changes in fund balances and cash flows for the year then ended. The financial statements have been prepared in accordance with the financial reporting requirements of the Ministry of Health and Long-Term Care. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2 to these financial statements. As required by the Corporations Act of Ontario, we report that, in our opinion, these principles have been applied, except for changes described in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

These financial statements, which have not been, and were not intended to be prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of and use by the Members and Directors of the Centre and the Ministry of Health and Long-Term Care. These financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Comparative figures have been prepared by another firm of chartered accountants.

*Raymond Chabot Grant Thornton LLP*

Chartered Accountants,  
Licensed Public Accountants

Ottawa, Canada  
May 21, 2008

# Somerset West Community Health Centre Financial Position

March 31, 2008

	Operating Fund	Special Projects Fund	Building Fund	2008	2007
				Total	Total
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
Current assets					
Cash	606,172	100,000		706,172	525,192
Short-term investment (Note 7)		54,570		54,570	52,515
Amounts receivable	193,734			193,734	102,505
Prepaid expenses	1,705			1,705	70,502
Interfund receivable (payable)	(83,310)	83,310			
	718,301	237,880		956,181	750,714
Capital assets (Note 8)			3,781,935	3,781,935	3,864,806
	718,301	237,880	3,781,935	4,738,116	4,615,520
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities	355,397			355,397	346,194
Deferred grants and contributions (Note 9)	262,183			262,183	62,412
Funds held in trust (Note 10)	46,454			46,454	17,113
	664,034			664,034	425,719
<b>FUND BALANCES</b>					
Unrestricted	54,267	59,981		114,248	103,201
Internally restricted		177,899		177,899	221,794
Invested in capital assets			3,781,935	3,781,935	3,864,806
	54,267	237,880	3,781,935	4,074,082	4,189,801
	718,301	237,880	3,781,935	4,738,116	4,615,520

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

On behalf of the Board,

Director

Director

# Somerset West Community Health Centre Operations

Year ended March 31, 2008

				2008	2007
	Operating Fund	Special Projects Fund (Schedule A)	Building Fund	Total	Total
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Grants and contributions (Note 5)	6,858,083			6,858,083	6,280,347
Donations and sponsorships	42,683			42,683	101,377
Investment		8,250		8,250	15,445
Other	341,245			341,245	251,368
	<u>7,242,011</u>	<u>8,250</u>		<u>7,250,261</u>	<u>6,648,537</u>
<b>Expenses</b>					
Salaries and benefits	5,571,334			5,571,334	5,113,812
Purchase of services	423,343			423,343	458,074
Property management	305,125			305,125	250,435
Program and medical supplies	276,817			276,817	239,097
Computer and telecommunications	251,349			251,349	185,946
Staff development	87,639			87,639	81,170
Office and administration	82,970			82,970	75,354
Travel and meetings	71,781			71,781	56,593
Grant administration	127,304			127,304	110,356
Other	77,116			77,116	94,239
Special projects		8,331		8,331	28,109
Amortization of capital assets			82,871	82,871	82,871
	<u>7,274,778</u>	<u>8,331</u>	<u>82,871</u>	<u>7,365,980</u>	<u>6,776,056</u>
<b>Deficiency of revenues over expenses</b>	<u>(32,767)</u>	<u>(81)</u>	<u>(82,871)</u>	<u>(115,719)</u>	<u>(127,519)</u>

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

# Somerset West Community Health Centre

## Changes in Fund Balances

Year ended March 31, 2008

				<u>2008</u>	<u>2007</u>
	Operating Fund	Special Projects Fund	Building Fund	<u>Total</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Balance, beginning of year	28,030	296,965	3,864,806	4,189,801	4,317,320
Deficiency of revenue over expenses	(32,767)	(81)	(82,871)	(115,719)	(127,519)
Interfund transfers (Note 6 & Schedule A)	59,004	(59,004)			
Balance, end of year	<u>54,267</u>	<u>237,880</u>	<u>3,781,935</u>	<u>4,074,082</u>	<u>4,189,801</u>

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

# Somerset West Community Health Centre

## Cash Flows

Year ended March 31, 2008

	<u>2008</u>	<u>2007</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	(115,719)	(127,519)
Non-cash items		
Amortization of property, plant and equipment	82,871	82,871
Changes in working capital items		
Accounts receivable	(91,229)	50,335
Prepaid expenses	68,797	(62,215)
Accounts payable and accrued liabilities	9,203	(44,984)
Deferred grants and contributions	199,771	(55,933)
Funds held in trust	29,341	17,113
Net cash generated (used)	<u>183,035</u>	<u>(140,332)</u>
<b>FINANCING AND INVESTING ACTIVITIES</b>		
Purchase of investments	(2,055)	
Disposal of investments		248,938
Net cash generated (used)	<u>(2,055)</u>	<u>248,938</u>
<b>Increase in cash</b>	<b>180,980</b>	<b>108,606</b>
Cash, beginning of year	<u>525,192</u>	<u>416,586</u>
Cash, end of year	<u><u>706,172</u></u>	<u><u>525,192</u></u>

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

# Somerset West Community Health Centre

## Notes to Financial Statements

March 31, 2008

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### **1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION**

Somerset West Community Health Centre (the Centre) is incorporated under the Corporations Act of Ontario. The Centre's primary purpose is to provide assistance to the residents of West-Central Ottawa to achieve optimal health and social well-being. The Centre is incorporated without share capital as a not-for-profit organization and is a registered charitable organization within the meaning of the Income Tax Act and therefore is not subject to either federal or provincial income taxes.

### **2 - DEPARTURE FROM ACCOUNTING PRINCIPLES**

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with Community Health Centre reporting requirements of the Ministry of Health and Long-Term Care (MOHLTC). As described below, the basis of accounting used in these financial statements differs materially from Canadian generally accepted accounting principles.

#### **Capital assets and related amortization**

Capital assets other than land and building are expensed in the Operating Fund in the year of purchase. During the year, \$255,176 (\$149,830 in 2007) of capital assets were charged to operations.

#### **Accrued vacation pay and overtime**

Vacation and overtime entitlement that has been earned but not taken by employees is not reflected in these financial statements. Unrecorded vacation and overtime liabilities as at March 31, 2008 amount to \$223,734 (\$247,482 in 2007).

#### **Employee benefit plans**

The Centre is an employer member of the Hospitals of Ontario Pension Plan, which is a multi-employer, defined benefit pension plan. However, because insufficient information is available to apply defined benefit plan accounting principles, the Centre has adopted defined contribution plan accounting principles. The Centre records as pension expense its cash contributions to the Plan. Pension costs charged to the Operating Fund during the year amounted to \$372,781 (\$362,895 in 2007).

### **3 - ACCOUNTING CHANGES**

On April 1, 2007, in accordance with the applicable transitional provisions, the Centre applied the recommendations of new Section 1506, "Accounting Changes", of the *Canadian Institute of Chartered Accountants' Handbook*. This new section, effective for the years beginning on or after January 1, 2007, prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Furthermore, the new standard requires the communication of the new primary sources of GAAP that are issued but not yet effective or not yet adopted by the Centre. The new standard has no impact on the Centre's financial results.

# Somerset West Community Health Centre

## Notes to Financial Statements

March 31, 2008

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### 3 - ACCOUNTING CHANGES (Continued)

On April 1, 2007, in accordance with applicable transitional provisions, the Centre adopted the new recommendations in Sections 3855, "Financial Instruments – Recognition and Measurement", and 3861, "Financial Instruments – Disclosure and Presentation", of the *Canadian Institute of Chartered Accountants' Handbook*.

Sections 3855 and 3861 deal with the recognition, measurement, presentation and disclosure of financial instruments and non-financial derivatives in the financial statements. The transitional provisions of these sections require that the Centre remeasure the financial assets and liabilities as appropriate at the beginning of its fiscal year. Any adjustment of the previous carrying amount is recognized as an adjustment of the balance of fund balances at the beginning of the fiscal year of initial application. The financial statements of prior fiscal years are not restated.

Adoption of these new recommendations resulted in the following impacts on the classification and measurement of the Centre's financial instruments, which were previously recognized at cost;

- Cash is classified as a held-for-trading financial asset. It is measured at fair value and changes in fair value are recognized in the statement of operations. This change had no impact on the financial statements as at March 31, 2008;
- Amounts receivable are classified as loans and receivables. Amounts receivable are measured at amortized cost, which is generally the initially recognized amount, less any allowance for doubtful accounts. This change had no impact on the financial statements as at March 31, 2008;
- The short-term investment is classified as an available-for-sale investment. It is recognized at fair value and changes in fair value are recognized in the statement of changes fund balances until the investment is sold or impaired. This change had no significant impact on the financial statements as at March 31, 2008;
- Accounts payable and accrued liabilities are classified as other financial liabilities. They are measured at amortized cost using the effective interest method. This change had no impact on the financial statements as at March 31, 2008.

### 4 - ACCOUNTING POLICIES

#### Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Centre may undertake in the future. Actual results may differ from these estimates.

# Somerset West Community Health Centre

## Notes to Financial Statements

March 31, 2008

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### **4 - ACCOUNTING POLICIES (Continued)**

#### **Fund accounting**

The Centre's activities are reflected in the following funds:

##### *Operating Fund*

Assets, liabilities, revenues and expenses relating to Centre's day-to-day operations are recorded in the Operating Fund.

##### *Special Projects Fund*

Revenues and expenses relating to special projects as defined by the Board of Directors, are recorded in the Special Projects Fund.

##### *Building Fund*

Expenses relating to the land and building from which the Centre operates are recorded in the Building Fund.

#### **Revenue recognition**

The Centre follows the deferral method of accounting for contributions. The Centre is funded, primarily by the Province of Ontario, in accordance with budget arrangements established by the Ministry of Health and Long-Term Care. 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.

Other unrestricted contributions, donations and sponsorships are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as it is earned.

#### **Cash and cash equivalents**

The Centre's policy is to present cash and investments having a term of three months or less from the acquisition date with cash and cash equivalents.

#### **Contributed services**

A substantial number of volunteers contribute a significant amount of their time each year to the Centre. Due to the difficulty in determining the fair value of this time, contributed services are not recognized in the financial statements.

#### **Capital assets**

Land and building are recorded at cost. The building is amortized using the straight-line method, over its estimated useful life of 40 years.

# Somerset West Community Health Centre

## Notes to Financial Statements

March 31, 2008

### 5 - GRANTS AND CONTRIBUTIONS

	<u>2008</u>	<u>2007</u>
	\$	\$
<i>Government of Canada</i>		
Human Resources and Social Development Canada	156,951	147,165
Public Health Agency of Canada		64,000
Health Canada		23,488
Social Development Canada		13,860
	<u>156,951</u>	<u>248,513</u>
<i>Government of Ontario</i>		
Ministry of Health and Long-Term Care (Schedule B)	5,446,127	4,839,654
Ministry of Community and Social Services (Note 12)	62,705	59,719
	<u>5,508,832</u>	<u>4,899,373</u>
<i>City of Ottawa</i>		
Community Fund	438,900	448,834
Children's Services	282,447	266,589
	<u>721,347</u>	<u>715,423</u>
<i>Other Sources</i>		
Canadian Mental Health Association	146,012	138,344
Other Community Health Centres	113,384	132,266
United Way	103,041	58,655
RBC Foundation	27,753	36,559
Trillium Foundation	21,191	15,000
Other	59,572	36,214
	<u>470,953</u>	<u>417,038</u>
	<u><u>6,858,083</u></u>	<u><u>6,280,347</u></u>

### 6 - INTERFUND TRANSFERS

In accordance with Board policy, periodic transfers for special projects are made between the Special Projects Fund and the Operating Fund. To maintain the value of capital against the rate of inflation, annual transfers are made from the Operating Fund to the capital portion of the Special Projects Fund. In addition, surplus if any, in the Operating Fund is transferred to the Special Projects Fund at the end of the subsequent year.

### 7 - SHORT-TERM INVESTMENT

The short-term investment is a guaranteed certificate bearing interest at 4.15% (4% in 2007), maturing November 2008.

# Somerset West Community Health Centre

## Notes to Financial Statements

March 31, 2008

### 8 - CAPITAL ASSETS

	2008		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Land	1,737,493		1,737,493
Building	3,314,852	1,270,410	2,044,442
	<u>5,052,345</u>	<u>1,270,410</u>	<u>3,781,935</u>
			2007
	Cost	Accumulated amortization	Net
	\$	\$	\$
Land	1,737,493		1,737,493
Building	3,314,852	1,187,539	2,127,313
	<u>5,052,345</u>	<u>1,187,539</u>	<u>3,864,806</u>

### 9 - DEFERRED GRANTS AND CONTRIBUTIONS

Deferred grants and contributions represent unspent restricted resources received in the current year, related to operating expenses of the subsequent period or to non-executed services.

	2008	2007
	\$	\$
Ministry of Health and Long-Term Care - Enrolment Tobacco Program	9,066	27,642
Stand up		9,096
Forward Avenue Shelter	1,170	8,760
RBC Foundation - After School Program	11,279	8,468
City of Ottawa - Rochester Heights Community House	4,109	3,421
Tai Chi Program	1,889	3,060
Community Fitness		1,100
City of Ottawa	116,565	865
AIDS Projects	25,577	
Human Resources Social Development Canada Cambodian Seniors Heritage	22,537	
Walk This Way	18,572	
City of Ottawa - Nanny Goat Hill Nursery School	14,271	
St. Anthony's Homework Club	8,441	
Harm Reduction	7,046	
United Way - Shelter Children & Youth	6,956	
Community Foundation - Junior Transition Camp	4,919	
United Way and Rogers - Laroche Park Homework Club	4,477	
Trillium Foundation - Cambodian Programs	3,809	
Champlain Centre - CCAF	1,500	
	<u>262,183</u>	<u>62,412</u>

# Somerset West Community Health Centre

## Notes to Financial Statements

March 31, 2008

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### **10 - FUNDS HELD IN TRUST**

The Centre administers funds on behalf of the Canadian Alliance of Community Health Centre Associations and Accessible Chances for Everyone to Stop Smoking (ACCESS Committee). The balances held at March 31, 2008 were \$29,721 (\$Nil in 2007) and \$16,733 (\$17,113 in 2007), respectively.

### **11 - SERVICE CONTRACTS WITH THE MINISTRY OF COMMUNITY AND SOCIAL SERVICES**

The Centre has a Service Contract with the Ministry of Community and Social Services. The funds received of \$62,705 (\$59,719 in 2007) were expensed to services related to the contract.

### **12 - FINANCIAL RISK**

The Centre's main financial risk exposure and its financial risk management policies are as follows:

#### *Credit risk*

The financial instruments that potentially expose Centre to credit risk are primarily amounts receivable. However, as the Centre's dealings are mainly with various levels of government, credit risk relating to accounts receivable is generally limited.

#### *Interest rate risk*

The Centre holds a fixed rate investment. Accordingly, there is limited exposure to interest rate risk.

### **13 - LINE OF CREDIT**

The Centre has an authorized line of credit in the amount of \$125,000 which was not utilized either as at March 31, 2008 or 2007. This facility is secured by a general security agreement.

### **14 - CONTINGENCIES**

#### *Other indemnification agreement*

In the normal course of operations, the Centre signs agreements whereby funds are provided for the execution of projects which are subject to restriction as to the use of the funds. To ensure compliance with project requirements, the sponsors of such projects can require an audit of the financial records of the Centre. Should amounts need to be reimbursed to a sponsor, necessary adjustments are reflected in a year in which they are identified.

# Somerset West Community Health Centre

## Notes to Financial Statements

March 31, 2008

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### **15 - COMMITMENTS**

The Centre has entered into long-term agreements totalling \$43,352, which expire on various dates between April 2008 and March 2011 and which require minimum payments for the rental and maintenance of office equipment and facilities. The minimum payments for the next three years are \$23,375 in 2009, \$15,418 in 2010 and \$4,559 in 2011.

### **16 - BUDGET INFORMATION**

Budget figures approved by the Board of Directors, have been presented for information purposes only, and have not been audited.

### **17 - COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

### **18 - FUTURE ACCOUNTING STANDARDS**

#### **Going Concern – Section 1400, "General Standards of Financial Statement Presentation"**

In June 2007, the Canadian Institute of Chartered Accountants modified Section 1400, "General Standards of Financial Statement Presentation", in order to require that management make an assessment of the Centre's ability to continue as a going concern over a period which is at least, but is not limited to, twelve months from the balance sheet date. These new requirements are effective for fiscal years beginning on or after January 1, 2008 and the Centre will implement them as of April 1, 2008. The new requirements only address disclosures and will have no impact on the Centre's financial results.

#### **Capital Disclosures - Section 1535**

In December 2006, the Canadian Institute of Chartered Accountants published new Section 1535, "Capital Disclosures". The new section establishes standards for disclosing information about an entity's capital and how it is managed. This new standard is effective for fiscal years beginning on or after October 1, 2007 and the Centre will implement it as of April 1, 2008. The new accounting standard only addresses disclosures and will have no impact on the Centre's financial results.

#### **Financial Instruments - Sections 3862 and 3863**

In December 2006, the CICA published new Sections 3862, "Financial Instruments – Disclosures", and 3863, "Financial Instruments – Presentation", which establish standards for the presentation and disclosure of financial instruments and non-financial derivatives.

These new standards are effective for fiscal years beginning on or after October 1, 2007 and the Centre will implement them as of April 1, 2008.

The Centre is currently assessing the impact that the application of these new standards will have on the financial statements.

# Somerset West Community Health Centre

## Schedule A - Special Projects Fund Transactions

Year ended March 31, 2008

	Capital		2008	2007
	Operating	For AIDS Related Expenses	For Other Related Expenses	Total
	\$	\$	\$	\$
<b>Balance, beginning of year</b>	75,171	43,895	177,899	296,965
<b>Revenue</b>				
Interest	8,250			11,947
<b>Expenses - Special Projects</b>				
Dalhousie Food Action	3,000			3,000
International Project	1,000			1,000
Just Food	1,000			1,000
Defender of the Public Good	520			520
St. Lukes Lunch Club	500			500
Health Fair	500			500
Chinatown Gateway	500			500
Community House Coalition Gala	360			360
Cambodian New Year Celebration	300			300
Cambodian Picnic	300			300
Right to Healthcare Coalition	250			250
Burmese Refugees	101			101
Bronson Centre 10th Anniversary				500
D. O'Connell Dinner				880
Community Fitness Initiative				500
AIDS Bureau repayments				22,409
Plant Pool Recreation Association				320
	8,331			28,109
<b>Deficiency of revenue over expenses</b>	(81)			(16,162)
<b>Transfer from (to) Operating Fund (Note 6)</b>				
Carpet replacement	(15,000)			(15,000)
Food Co-op research	(2,600)			(2,600)
Harm Reduction		(10,000)		(10,000)
AIDS Project		(33,895)		(33,895)
Renovations				(30,000)
Inflation adjustment	2,491			4,613
Prior year's operating surplus				5,464
	(15,109)	(43,895)		(19,923)
<b>Balance, end of year</b>	59,981	177,899	237,880	296,965

# Somerset West Community Health Centre

## Schedule B - Ministry of Health and Long-term Care Revenue and Expenses

Year ended March 31, 2008

	CHC Programs	AIDS Programs (Schedule C)	Asthma Program	Physician Assistant Program	Total 2008	2008 Budget (unaudited Note 16)
	\$	\$	\$	\$	\$	\$
<b>Revenue</b>	<u>4,957,688</u>	<u>366,067</u>	<u>80,004</u>	<u>42,368</u>	<u>5,446,127</u>	<u>5,422,364</u>
<b>Expenses</b>						
Salaries and benefits	<u>4,337,852</u>	<u>208,556</u>	<u>100,858</u>	<u>24,922</u>	<u>4,672,188</u>	<u>4,386,959</u>
<i>Operating</i>						
Property management	209,481	12,672	402	242	222,797	102,669
Computer and telecommunications	20,560	1,481		1,411	23,452	70,739
Purchase of services	158,210	18,023	5,027	1,190	182,450	305,562
Program and medical	160,342	89,913	1,769		252,024	116,429
Staff development	44,403	7,216	100		51,719	45,592
Travel and meetings	26,049	10,472	3,810	221	40,552	57,696
Office and administration	18,453		102	3,067	21,622	40,639
Grant administration	95,188	16,042	4,000	12,074	127,304	60,517
Other	28,171	1,386			29,557	235,562
	<u>760,857</u>	<u>157,205</u>	<u>15,210</u>	<u>18,205</u>	<u>951,477</u>	<u>1,035,405</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>(141,021)</u>	<u>306</u>	<u>(36,064)</u>	<u>(759)</u>	<u>(177,538)</u>	

**Somerset West Community Health Centre**  
**Schedule C - Ministry of Health and Long-Term Care AIDS Bureau**  
**Actual revenue and expenses compared to budget**

Year ended March 31, 2008

	ANON HIV Testing	HIV Outreach	HIV Prevention	Safe Inhalation	Total actual	Total budget (unaudited Note 16)
	\$	\$	\$	\$	\$	\$
<b>Revenue</b>	<b>66,326</b>	<b>149,063</b>	<b>78,928</b>	<b>71,750</b>	<b>366,067</b>	<b>371,046</b>
<b>Expenses</b>						
Salaries	25,576	102,593	44,983		173,152	175,468
Employee benefits	5,134	20,519	9,751		35,404	35,406
Occupancy	3,500	6,072	3,100		12,672	12,671
Staff development	1,404	3,024	2,788		7,216	7,956
Volunteer support		7,432			7,432	8,956
Supplies and other	30,653	9,169	18,313	71,750	129,885	130,589
	<b>66,267</b>	<b>148,809</b>	<b>78,935</b>	<b>71,750</b>	<b>365,761</b>	<b>371,046</b>
<b>Funds repayable</b>	<b>59</b>	<b>254</b>	<b>(7)</b>		<b>306</b>	