

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## BALANCE SHEET

AS AT MARCH 31, 2014

	2014	2013
<b>ASSETS</b>		
Current assets		
Cash and short-term deposit	\$ 927,890	\$ 2,155,936
Accounts receivable	90,638	139,020
Prepaid expenses	47,411	19,860
	<u>1,065,939</u>	<u>2,314,816</u>
Property and equipment (note 2)	4,117,047	4,170,626
	<u>5,182,986</u>	<u>6,485,442</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	157,731	181,928
Accounts payable - Toronto Central LHIN (note 4)	136,836	458,555
Deferred revenue	138,552	136,055
	<u>433,119</u>	<u>776,538</u>
Account payable - Ministry (note 5)	-	1,495,024
Deferred capital contributions (note 3)	4,512,594	3,992,132
	<u>4,945,713</u>	<u>6,263,694</u>
<b>NET ASSETS</b>		
Unfunded payroll obligations (note 6 and Schedule A)	(147,126)	(156,471)
Other activities - unrestricted (Schedule C)	384,399	378,219
	<u>237,273</u>	<u>221,748</u>
	<u>\$ 5,182,986</u>	<u>\$ 6,485,442</u>

Approved on behalf of the Board:

\_\_\_\_\_, Director                      \_\_\_\_\_, Director

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## STATEMENT OF OPERATIONS AND NET ASSETS

YEAR ENDED MARCH 31, 2014

	2014	2013
Revenues		
Toronto Central LHIN core program funding <i>(note 7a)</i>	\$ 6,209,403	\$ 6,018,418
Toronto Central LHIN program funding - Diabetes program <i>(note 7b)</i>	200,320	208,868
Other grants/projects <i>(note 8)</i>	459,177	534,957
Fundraising	185,097	148,897
Interest	5,683	15,421
Other income	168,327	177,158
	<u>7,228,007</u>	<u>7,103,719</u>
Expenses		
Salaries	5,095,009	4,872,821
Benefits and relief	948,384	900,020
General and operating	808,282	969,876
Occupancy costs	347,107	322,513
	<u>7,198,782</u>	<u>7,065,230</u>
Decrease in unfunded payroll obligations	(9,345)	(4,820)
Depreciation	247,722	248,404
Amortization of deferred capital contributions	(224,677)	(223,661)
	<u>7,212,482</u>	<u>7,085,153</u>
Excess of revenues over expenses for the year	15,525	18,566
Net assets - at beginning of year	221,748	203,182
Net assets - at end of year	<u>\$ 237,273</u>	<u>\$ 221,748</u>

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2014

	2014	2013
Cash flows from operating activities		
Cash received from Toronto Central LHIN	\$ 6,088,004	\$ 6,157,764
Other grants/contributions received	461,674	470,430
Other income received	173,457	151,235
Interest received	5,683	15,421
Fundraising revenues received	185,097	148,897
Cash paid to employees and suppliers	(7,197,934)	(7,144,698)
	(284,019)	(200,951)
Cash flows from investing activities		
Capital assets funding received	107,115	67,836
Purchase of property and equipment	(194,142)	(196,217)
Sale of property and equipment	-	1,528,000
Return of proceeds on sale of Shout Clinic to Ministry of Health and Long-Term Care	(857,000)	-
	(944,027)	1,399,619
Change in cash during the year	(1,228,046)	1,198,668
Cash and short-term deposit - at beginning of year	2,155,936	957,268
Cash and short-term deposit - at end of year	\$ 927,890	\$ 2,155,936

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

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Central Toronto Community Health Centres ("Central Toronto") works as a resource to improve the health and quality of the life of the communities that Queen West and Shout each serve. Central Toronto achieves its mission through health promotion, harm reduction, education, community development, advocacy and through the provision of medical, nursing and dental counselling services.

Central Toronto is a not-for-profit organization incorporated without share capital under the laws of the Province of Ontario. It is also a registered charitable organization under the Income Tax Act (Canada), and as such, is generally exempt from income taxes.

### *I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### *Basis of Presentation*

There are two segments of Central Toronto's operations - those funded by the Toronto Central Local Health Integration Network ("Toronto Central LHIN"), and other governments and organizations and those funded by Central Toronto itself. These financial statements present the combined results for the entire organization. For information purposes, revenues and expenses for these segments are presented separately in Schedules A to C.

#### *Financial Instruments*

Central Toronto initially measures its financial assets and liabilities at fair value. Central Toronto subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash and short-term deposit, accounts receivable, accounts payable and accrued liabilities and accounts payable to Toronto Central LHIN.

#### *Revenue Recognition*

##### *Contributions*

Central Toronto follows the deferral method of accounting for contributions which include donations, government grants and other contributions.

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.

Operating grants and restricted contributions are recorded as revenue in the year in which the related expenses are incurred. 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.

##### *Fundraising Revenues and Expenses*

Revenues and expenses from fundraising events are recorded in the period in which the event takes place.

##### *Interest and Other Income*

Interest and other income is recognized as earned and when services are provided.

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Revenue Recognition (continued)*

##### *Donations*

Donations and bequests are recorded when received. Donated goods and services are not recorded in the accounts, except when they are used in the normal course of business and when a fair value for such goods and services can be readily determined.

##### *Toronto Central LHIN - Financial Support*

Toronto Central LHIN provides financial support to Central Toronto on the basis of an approved operating budget for the year. These financial statements reflect approved funding arrangements with Toronto Central LHIN, together with estimated adjustments, if any, on year end settlement.

##### *Contributed Services*

Volunteers contribute significant amounts of time to assist Central Toronto in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

##### *Property and Equipment*

Property and equipment are recorded at cost and depreciated over their estimated useful lives on a straight line basis at the following annual rates:

Building	- 2.5%
Building improvements	- 10%
Office furniture and equipment	- 20%
Medical equipment	- 20%
Computer equipment	- 33.33%
Computer software	- 50%

Assets of \$1,500 or less are expensed in the year of acquisition.

The above rates are reviewed annually to ensure they are appropriate. Any changes are adjusted for on a prospective basis. If there is an indication that the assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount. There were no impairment indicators in 2014.

##### *Deferred Capital Contributions*

Externally restricted contributions for the purchase of property and equipment that will be depreciated or amortized are deferred and amortized over the life of the related assets. Externally restricted capital contributions that have not been expended are recorded as part of deferral capital contributions on the balance sheet.

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made difficult, complex or subjective judgments, often as a result of matters that are uncertain, include, among others, estimated useful lives for depreciation and amortization of property and equipment and other assets and liabilities valuation. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

### 2. PROPERTY AND EQUIPMENT

Details are as follows:

	Cost	Accumulated Depreciation	Net Book Value	
			2014	2013
Land	\$ 764,234	\$ -	\$ 764,234	\$ 764,234
Building and building improvements	5,563,006	2,425,269	3,137,737	3,193,345
Furniture, fixtures and equipment	1,590,188	1,530,561	59,627	34,553
	7,917,428	3,955,830	3,961,598	3,992,132
Building improvements - Central Toronto funded	230,446	74,997	155,449	178,494
	\$ 8,147,874	\$ 4,030,827	\$ 4,117,047	\$ 4,170,626

### 3. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received and contributions received that have not been expended for the purchase of capital assets. The changes in deferred capital contributions are as follows:

	2014	2013
Balance - at beginning of year	\$ 3,992,132	\$ 5,328,444
Capital contributions received	194,143	67,836
Amortization of deferred capital contributions	(224,677)	(223,661)
Reversal of contributions related to sale of 467 Jarvis Street, Toronto	-	(1,180,487)
	3,961,598	3,992,132
Amount related to sale of 467 Jarvis Street, Toronto for which approval granted by the Ministry of Health and Long-Term Care to retain for capital acquisitions (note 5)	550,996	-
Balance - at end of year	\$ 4,512,594	\$ 3,992,132

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

### 4. DUE TO TORONTO CENTRAL LHIN

Details of amounts due to the Toronto Central LHIN are as follows:

	2014	2013
Toronto Central LHIN		
(a) Community Health Centre program	\$ 123,956	\$ 431,227
(b) Diabetes program	12,880	27,328
	<b>\$ 136,836</b>	<b>\$ 458,555</b>

(a) Community Health Centre program details are as follows:

	2014	2013
Approved funding	\$ 6,656,348	\$ 6,656,348
Adjustments: capital assets funding	(107,115)	(67,836)
Total program funding for operations	6,549,233	6,588,512
Less: expenses eligible for program funding	6,842,590	6,745,954
Deficiency of funding over expenses for the year	(293,357)	(157,442)
Add: other income, including interest refundable	633,187	727,536
Total amount refundable to Toronto Central LHIN	339,830	570,094
Amount recovered during the year	215,874	277,094
Amount refundable to Toronto Central LHIN for the year	123,956	293,000
Amount refundable - beginning of year	431,227	349,082
	555,183	642,082
Prior years amount recovered during the year	(431,227)	(210,855)
Amount refundable to Toronto Central LHIN - at end of year	<b>123,956</b>	<b>431,227</b>

Details of amount repayable to Toronto Central LHIN are as follows:

2011/2012	-	138,227
2012/2013	-	293,000
2013/2014	123,956	-
	<b>\$ 123,956</b>	<b>\$ 431,227</b>

(b) Diabetes program details are as follows:

	2014	2013
Approved funding	\$ 213,200	\$ 213,200
Less: expenses eligible for program funding	200,320	208,868
Excess of funding over expenses for the year	12,880	4,332
Amount refundable - at beginning of year	27,328	178,996
Prior year amount recovered during the year	(27,328)	(156,000)
Total amount refundable to Toronto Central LHIN(Formerly under MOHLTC)	<b>\$ 12,880</b>	<b>\$ 27,328</b>

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

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### 5. ACCOUNT PAYABLE - MINISTRY OF HEALTH AND LONG-TERM CARE

During the prior fiscal year, Central Toronto sold the property located at [REDACTED] for \$1,528,000. The net proceeds from the sale were recorded in the prior financial statements as payable to the Ministry of Health and Long-Term Care (the "Ministry"). During the 2013/2014 fiscal year, Central Toronto returned \$857,000 to the Ministry and the balance of \$638,024 are retained by Central Toronto to be used for capital acquisitions and improvements.

### 6. UNFUNDED PAYROLL OBLIGATIONS

Central Toronto has recorded certain payroll obligations, such as, accrued vacation pay, etc. in accordance with the accrual basis of accounting recommended by the Chartered Professional Accountants Canada. However, it is the policy of Central Toronto's funders to fund such obligations when they are paid, as opposed to when they are accrued.

### 7. STATEMENT OF OPERATIONS

Details are as follows:

	<u>2014</u>	<u>2013</u>
(a) Approved funding - Toronto Central LHIN	\$ 6,656,348	\$ 6,656,348
Adjustments:		
Funding allocated for the purchase of capital assets	(107,115)	(67,836)
Amount refundable to Toronto Central LHIN (note 4a)	(339,830)	(570,094)
	<u>6,209,403</u>	<u>6,018,418</u>
(b) Approved funding - Diabetes Program	213,200	213,200
Adjustments:		
Amount refundable to Toronto Central LHIN (note 4b)	(12,880)	(4,332)
	<u>\$ 200,320</u>	<u>\$ 208,868</u>

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

### 8. OTHER GRANTS/PROJECTS

Included in other grants/projects are revenues and expenses for Hepatitis C Prevention, Support and Research Programs funded by the Public Health Agency of Canada as follows:

	2014	2013
Revenues		
Contribution from Public Health Agency of Canada	\$ 82,025	\$ 83,920
Expenses		
Salaries and benefits	66,132	69,409
Travel	3,805	2,512
Materials	7,579	7,261
Contractor	4,509	4,738
	\$ 82,025	\$ 83,920

### 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Central Toronto is exposed to various risks through its financial instruments. The following analysis provides a measure of the Centres' risk exposure at the balance sheet date.

#### *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. Central Toronto's main credit risks relate to accounts receivable. Central Toronto is not exposed to significant credit risk.

#### *Liquidity Risk*

Liquidity risk is the risk that Central Toronto will encounter difficulty in meeting obligations associated with financial liabilities. Central Toronto is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, accounts payable to Toronto Central LHIN and commitments. Central Toronto expects to meet these obligations as they come due from operating grants it receives from its funders and generating cash flow from operations.

#### *Market Risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Central Toronto is not exposed to significant currency, other price or interest rate risks.

### 10. LINE OF CREDIT

Central Toronto has a line of credit to a maximum of \$100,000. Any advances on this line of credit bear interest at bank prime rate plus .25% per annum and the interest is payable monthly. The line of credit is secured by cash held by the bank. There were no advances against the line of credit at March 31, 2014 (\$Nil in 2013).

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

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### 11. GUARANTEES AND INDEMNITIES

Central Toronto has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions in which they are sued as a result of their involvement with Central Toronto, if they acted honestly and in good faith with a view to the best interest of Central Toronto. Central Toronto has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, Central Toronto has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements and purchase contracts. In these agreements, Central Toronto agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of Central Toronto. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated.

### 12. COMMITMENTS

Central Toronto leases office equipment under leases which expire in Sept 2017. The minimum annual rental payments under the leases are as follows:

Year ending March 31,	2015	\$	23,110
	2016		23,110
	2017		23,110
	2018		11,555

### 13. COMPARATIVE FIGURES

Certain of the comparative figures in the Balance Sheet and Statement of Operations have been reclassified to conform with the financial statement presentation adopted for the current year.

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## REVENUES AND EXPENSES AND VACATION PAY FUND TORONTO CENTRAL LOCAL HEALTH INTEGRATION NETWORK - COMMUNITY HEALTH CENTRE PROGRAM

SCHEDULE A

YEAR ENDED MARCH 31, 2014

	2014	2013
Revenues		
Toronto Central LHIN Program funding for operations ( <i>note 4a</i> )	\$ 6,549,233	\$ 6,588,512
Interest income	5,683	15,421
Grants/other projects	459,177	534,957
Other	168,327	177,158
	<u>7,182,420</u>	<u>7,316,048</u>
Expenses		
Salaries	4,857,133	4,683,454
Benefits and relief	907,940	857,604
Occupancy costs	347,107	322,513
Operating	730,410	882,383
	<u>6,842,590</u>	<u>6,745,954</u>
Excess of revenues over expenses for the year before the following	339,830	570,094
Amount recovered during the year	215,874	277,094
	<u>123,956</u>	<u>293,000</u>
Amount refundable to Toronto Central LHIN	123,956	293,000
Surplus for the year before the following	-	-
Decrease in unfunded payroll obligations	(9,345)	(4,820)
Surplus for the year	<u>9,345</u>	<u>4,820</u>
Unfunded payroll obligations - at beginning of year	(156,471)	(161,291)
Unfunded payroll obligations - at end of year	<u>\$ (147,126)</u>	<u>\$ (156,471)</u>

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## REVENUES AND EXPENSES

### TORONTO CENTRAL LOCAL HEALTH INTEGRATION NETWORK

#### - DIABETES PROGRAM

#### SCHEDULE B

YEAR ENDED MARCH 31, 2014

	2014	2013
Revenues		
Toronto Central LHIN (2013 - Ministry of Health and Long-Term Care) - Diabetes Program ( <i>note 4b</i> )	\$ 213,200	\$ 213,200
Expenses		
Salaries	127,972	132,237
Benefits	27,448	30,614
Operating expenses	44,900	46,017
	<u>200,320</u>	<u>208,868</u>
Excess of revenues over expenses for the year, being amount refundable to the Toronto Central LHIN (formerly Ministry of Health and Long-Term Care)	\$ 12,880	\$ 4,332

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## REVENUES, EXPENSES AND NET ASSETS OTHER ACTIVITIES

SCHEDULE C

YEAR ENDED MARCH 31, 2014

	2014	2013
Revenues		
Grants and contributions	\$ 59,228	\$ 57,100
Fundraising	1,038	6,475
Other	124,830	85,322
	<u>185,096</u>	<u>148,897</u>
Expenses		
Salaries	109,903	57,130
Benefits	12,996	11,802
Operating	32,972	41,476
Depreciation	23,045	24,743
	<u>178,916</u>	<u>135,151</u>
Excess of revenues over expenses for the year	6,180	13,746
Net assets - at beginning of the year	378,219	364,473
Net assets - at end of the year	<u>\$ 384,399</u>	<u>\$ 378,219</u>