

HOPE CENTRE HEALTH CARE INC.
INDEPENDENT AUDITORS' REPORT
FINANCIAL STATEMENTS
MARCH 31, 2020

HOPE CENTRE HEALTH CARE INC.

MARCH 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Hope Centre Health Care Inc.:

Opinion

We have audited the accompanying financial statements of Hope Centre Health Care Inc., which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flow for the year then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hope Centre Health Care Inc. as at March 31, 2020, and the results of its operations and its cash flow for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 representing the underlying transactions and events in a manner that achieved 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.

**Winnipeg, Manitoba
June 23, 2020**

Fort Group
**CHARTERED PROFESSIONAL
ACCOUNTANTS INC.**

**HOPE CENTRE HEALTH CARE INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Accounts receivable (Note 3)	\$ 232,220	214,712
Prepaid expenses	<u>5,510</u>	<u>5,145</u>
	237,730	219,857
TANGIBLE CAPITAL ASSETS (Note 4)	<u>49,362</u>	<u>35,323</u>
	<u><u>\$ 287,092</u></u>	<u><u>255,180</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank overdraft	\$ 20,254	13,763
Bank indebtedness (Note 5)	57,650	28,000
Accounts payable and accrued liabilities (Note 6)	44,016	32,396
Deferred revenue	<u>1,598</u>	<u>-</u>
	123,518	74,159
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	<u>12,769</u>	<u>-</u>
	<u>136,287</u>	<u>74,159</u>
NET ASSETS		
Unrestricted net assets (Note 7)	114,212	145,698
Invested in capital assets	36,593	35,323
	<u>150,805</u>	<u>181,021</u>
	<u>\$ 287,092</u>	<u>255,180</u>

APPROVED BY:

Original Document Signed

Board Chairperson

Original Document Signed

Executive Director

**HOPE CENTRE HEALTH CARE INC.
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
REVENUE		
Medical health - WRHA	\$ 1,173,857	1,175,151
Medical receipts - Province of Manitoba	8,193	4,176
Interest	108	157
Amortization of deferred capital contributions	2,466	-
	<u>1,184,624</u>	<u>1,179,484</u>
EXPENSES (Schedule 1)		
Administration	134,849	113,879
Primary health care	964,521	978,711
Occupancy	115,470	99,759
	<u>1,214,840</u>	<u>1,192,349</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (30,216)</u>	<u>(12,865)</u>

**HOPE CENTRE HEALTH CARE INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2020**

	<u>UNRESTRICTED FUND</u>	<u>INVESTED IN CAPITAL ASSETS</u>	<u>2020</u>	<u>2019</u>
NET ASSETS, BEGINNING OF YEAR	\$ 145,698	35,323	181,021	193,886
Excess (deficiency) of revenue over expenses	(31,486)	1,270	(30,216)	(12,865)
WRHA funding received for acquisition of tangible capital assets	17,262	(17,262)	-	-
Additions to tangible capital assets	<u>(17,262)</u>	<u>17,262</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 114,212</u>	<u>36,593</u>	<u>150,805</u>	<u>181,021</u>

**HOPE CENTRE HEALTH CARE INC.
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (30,216)	(12,865)
Add non-cash item(s):		
Amortization of tangible capital assets	3,223	1,124
	<u>(26,993)</u>	<u>(11,741)</u>
Change in non-cash working capital:		
Accounts receivable	(17,509)	100,903
Prepaid expenses	(366)	(2,450)
Accounts payable and accrued liabilities	11,620	21,088
Surplus payable - WRHA	-	(20,708)
Advance repayable - WRHA	-	(35,000)
Deferred revenue	1,598	-
	<u>(31,650)</u>	<u>52,092</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	<u>(17,262)</u>	<u>(2,195)</u>
FINANCING ACTIVITIES		
Increase (decrease) in bank indebtedness	<u>29,650</u>	<u>(37,000)</u>
INCREASE (DECREASE) IN CASH	<u>(6,493)</u>	<u>12,897</u>
CASH (BANK OVERDRAFT), BEGINNING OF YEAR	<u>(13,761)</u>	<u>(26,658)</u>
CASH (BANK OVERDRAFT), END OF YEAR	<u>\$ (20,254)</u>	<u>(13,761)</u>

**HOPE CENTRE HEALTH CARE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

1. ACCOUNTING ENTITY

Hope Centre Health Care Inc. (the "Organization") was incorporated on December 22, 1982 under the Manitoba Corporations Act as a not-for-profit organization and is exempt from the income tax act as a registered charity under the Income Tax Act.

Hope Centre Health Care Inc. is committed to working with individuals, families and groups within their surrounding community in order to promote physical, emotional and spiritual health.

The Organization is committed to providing a high standard of holistic health care that is motivated by a practical Christian concern for all people. They recognize each person/client as a unique individual created in the image of God worthy of a competent standard of care rendered with respect, dignity and compassion.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

(a) Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Contributed capital assets are recorded at the fair value at the date of contribution if fair value can be reasonably estimated. Amortization is provided on the straight-line basis over the estimated useful lives of the tangible capital assets at the following rates:

Building and improvements	20 years
Equipment	3 1/2 years
Furniture and fixtures	5 years

Additions are amortized at one-half of the above rates in the year of purchase.

(b) Revenue Recognition

The Organization accounts for its revenue under the deferral method, whereby restricted contributions are recognized in the year that the related expenditures are incurred.

The Province of Manitoba and the Winnipeg Regional Health Authority provide funding to the Organization based on their assessment of the Organization's annual operating budgets and on approved capital expenditures. Periodically, they review actual operating results and process adjustments to amounts previously provided. The Organization accounts for these adjustments as a credit or charge to operations in the year that they are determined.

(c) Accounting Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include accounts receivable, amounts payable for services not billed yet at the time these financial statements were approved and useful life of tangible capital assets. Actual results may differ from estimates.

**HOPE CENTRE HEALTH CARE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments

Financial instruments held by the organization include cash (bank overdraft), accounts receivable, accounts payable and accrued liabilities, and bank indebtedness. The organization initially measures its financial instruments at fair value when the asset or liability is first recognized. The organization subsequently measures its financial instruments at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

3. ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Due from Winnipeg Regional Health Authority	\$ 230,458	212,718
GST	<u>1,762</u>	<u>1,994</u>
	<u>\$ 232,220</u>	<u>214,712</u>

4. TANGIBLE CAPITAL ASSETS

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 32,000	-	32,000	-
Building and improvements	73,213	73,213	73,213	73,213
Equipment	70,013	52,651	52,751	49,428
Furniture and fixtures	<u>50,898</u>	<u>50,898</u>	<u>50,898</u>	<u>50,898</u>
	<u>\$ 226,124</u>	<u>176,762</u>	<u>208,862</u>	<u>173,539</u>
Net book value	<u>\$ 49,362</u>		<u>35,323</u>	

5. BANK INDEBTEDNESS

The Organization has an operating line of credit facility with the Royal Bank of Canada to a maximum of \$65,000 (2019 - \$65,000), bearing interest at a rate of 5.95%. Interest is payable monthly, and the principal balance fluctuates as funds are required for operations, or as funds are available from operations to pay down the principle balance. The operating line of credit facility is secured by a general security agreement covering all assets.

6. ACCOUNTS PAYABLE

	<u>2020</u>	<u>2019</u>
Trade accounts payable	\$ 24,142	9,169
Pre-retirement leave	17,450	20,262
Staff fund	<u>2,422</u>	<u>2,965</u>
	<u>\$ 44,014</u>	<u>32,396</u>

**HOPE CENTRE HEALTH CARE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

7. UNRESTRICTED NET ASSETS

A portion of unrestricted net assets includes surpluses and/or deficits from funds contributed by government agencies. Such surpluses/deficits may be subject to repayment or recovery by the contributing agencies, depending on the terms and the conditions of the relevant agreements. In addition, a portion of the unrestricted net assets are earmarked for a contractual commitment to pay a retirement allowance to employees if they are over age fifty-five and have ten years of service or if their period of service when added to their age exceeds eighty. As the WRHA will fund the commitment, the Organization accounts for the change in commitment by an adjustment to WRHA receivable and WRHA income. The total actuarially determined commitment at March 31, 2020 was \$159,631 (2019 - \$183,743).

8. DEFERRED CAPITAL CONTRIBUTIONS

	Balance March 31, <u>2019</u>	Revenue Received <u>2020</u>	Revenue Recognized <u>2020</u>	Balance March 31, <u>2020</u>
WRHA	\$ <u>-</u>	<u>14,796</u>	<u>2,027</u>	<u>12,769</u>

9. COMMITMENTS

The organization has a commitment for the rental of its operating facility at 240 Powers Street in Winnipeg, Manitoba until April 30, 2021 with total annual lease payments as follows:

2021	<u>\$ 46,095</u>
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10. ECONOMIC DEPENDENCE

The Organization is dependent on support from the Winnipeg Regional Health Authority and the Province of Manitoba to maintain operational funding. These financial statements are prepared on the basis that this support will continue.

11. RISK MANAGEMENT

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is management's opinion that the organization is exposed to interest rate risk due to its bank indebtedness.

(b) Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities. Accounts payable and accrued liabilities are paid in the normal course of business.

The organization's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet liabilities when due.

(c) Credit Risk

Credit risk is the risk that a counterpart will default on its financial liabilities.

Financial instruments which potentially subject the organization to credit risk and concentrations of credit risk consist principally of accounts receivable. Credit risk is mitigated as the majority of receivables are due from the Province of Manitoba and the Winnipeg Regional Health Authority.

**HOPE CENTRE HEALTH CARE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

12. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted for the current year.

SCHEDULE 1**HOPE CENTRE HEALTH CARE INC.
SCHEDULE OF EXPENSES
YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
ADMINISTRATION		
Bank charges and interest	\$ 5,209	5,847
Computer maintenance	8,866	2,902
Insurance	5,191	3,603
Memberships	40	525
Pre-retirement leave expense	35,596	21,648
Professional fees	6,215	5,622
Salaries and benefits	<u>73,732</u>	<u>73,732</u>
	<u>134,849</u>	<u>113,879</u>
PRIMARY HEALTH CARE		
Auto allowance	969	1,450
Communications	8,593	10,266
Postage	1,187	1,789
Professional fees	1,751	10,333
Program supplies	42,075	38,478
Program equipment	3,194	7,823
Public relations	7,646	6,027
Salaries - benefits	121,182	126,750
Salaries - health care	504,768	516,297
Salaries - physician	<u>273,156</u>	<u>259,498</u>
	<u>964,521</u>	<u>978,711</u>
OCCUPANCY		
Amortization	3,223	1,124
Cleaning - janitorial	21,254	20,699
Cleaning - supplies	9,651	6,505
Property maintenance	18,508	11,159
Property taxes	2,255	2,237
Rental - 240 Powers Street (Note 9)	45,634	45,210
Utilities	<u>14,945</u>	<u>12,825</u>
	<u>115,470</u>	<u>99,759</u>
	<u>\$ 1,214,840</u>	<u>1,192,349</u>

HOPE CENTRE HEALTH CARE INC.
STATEMENT OF PUBLIC SECTOR COMPENSATION DISCLOSURE
YEAR ENDED DECEMBER 31, 2019

**HOPE CENTRE HEALTH CARE INC.
STATEMENT OF PUBLIC SECTOR COMPENSATION DISCLOSURE
YEAR ENDED DECEMBER 31, 2019**

<u>EMPLOYEE</u>	<u>POSITION</u>	<u>COMPENSATION</u>
Pidsadny, Shelly	Physician	\$ 126,599
Canales, Monece	Nurse	78,960
TOTAL PUBLIC SECTOR COMPENSATION DISCLOSURE		\$ 205,559

NOTES:

1. The compensation amount is calculated in accordance with the requirements of the Public Sector Compensation Disclosure Act of Manitoba. Compensation includes all salaries and allowances, overtime payments, retirement or severance payments, lump sum payments, vacation pay-outs, retroactive payments and taxable benefits and bursaries.

The Public Sector Compensation Disclosure Act of Manitoba requires public sector bodies to disclose:

- (i) the compensation paid to the Chairperson of its Board of Directors, if the Chairperson's compensation is \$75,000 or more;
 - (ii) the compensation paid to the members of the Board of Directors; and
 - (iii) the individual compensation paid to its officers and employees whose compensation is \$75,000 or more.
2. For the year ended December 31, 2019 there was no compensation paid to the Chairperson of its Board of Directors or any other member of the Board of Directors.