

**ALGOMA NURSE PRACTITIONER - LED CLINIC
FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2021

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INDEPENDENT AUDITOR'S REPORT

June 8, 2021

The Board of Directors of Algoma Nurse Practitioner - Led Clinic

Opinion

I have audited the financial statements of the Algoma Nurse Practitioner - Led Clinic, which comprise the statement of financial position as at March 31, 2021, and the statement of operations and changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Algoma Nurse Practitioner - Led Clinic as at March 31, 2021 and its financial performance and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of my report. I am independent of Algoma Nurse Practitioner - Led Clinic in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter - Effects of COVID-19

Without modifying my opinion, I draw attention to note 11 of the financial statements which indicates that subsequent to year end, Algoma Nurse Practitioner - Led Clinic's operations may be negatively impacted by the effects of the COVID-19 pandemic.

Responsibilities 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 relating 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

I 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 I identify during my audit.

A handwritten signature in black ink, appearing to read "Joël Russo". The signature is written in a cursive style. A large, light grey watermark reading "DRAFT" is oriented diagonally across the page, partially overlapping the signature.

Chartered Professional Accountant
Professional Corporation
Authorized to practice public accounting by The Chartered Professional Accountants of Ontario
Sault Ste. Marie, Canada

**ALGOMA NURSE PRACTITIONER - LED CLINIC
STATEMENT OF FINANCIAL POSITION**

AS AT MARCH 31, **2021** **2020**

ASSETS

CURRENT ASSETS

Cash and term deposits	\$ 391,166	\$ 375,036
Accounts receivable	13,130	12,523
Prepaid expenses	21,008	25,039
	425,304	412,598

CAPITAL ASSETS (note 2) 97,628 **158,485**

\$ 522,932 **\$ 571,083**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities (note 4)	\$ 116,164	\$ 94,353
Payable to the Ministry of Health and Long-Term Care (note 5)	167,826	150,403
Deferred contributions	135,477	163,375
	419,467	408,131

DEFERRED CAPITAL CONTRIBUTIONS (note 6) 97,628 **158,485**

517,095 **566,616**

NET ASSETS

Unrestricted 5,837 **4,467**

\$ 522,932 **\$ 571,083**

Commitment (note 8)

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

**ALGOMA NURSE PRACTITIONER - LED CLINIC
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

YEAR ENDED MARCH 31,	2021	2020
REVENUE		
Ministry of Health and Long-Term Care	\$ 1,346,216	\$ 1,275,369
Amortization of deferred capital contributions	83,914	80,044
Miscellaneous	1,370	9,244
Ministry of Health and Long-Term Care one-time funding	38,298	5,700
	<u>1,469,798</u>	<u>1,370,357</u>
EXPENDITURES		
Amortization of capital assets	83,914	80,044
Equipment	1,254	1,904
General overhead	64,771	40,113
Information technology	40,630	20,439
Insurance	13,976	12,494
Premises	65,936	77,573
Salaries and benefits	1,079,615	992,719
Service fees	80,909	67,342
	<u>1,431,005</u>	<u>1,292,628</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER	38,793	77,729
TRANSFER OF FUNDS	20,000	50,000
EXCESS OF REVENUE OVER EXPENDITURES BEFORE PAYABLE TO THE MINISTRY OF HEALTH AND LONG-TERM CARE	18,793	27,729
PAYABLE TO THE MINISTRY OF HEALTH AND LONG-TERM CARE	17,423	24,482
EXCESS OF REVENUE OVER EXPENDITURES	1,370	3,247
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	4,467	1,220
UNRESTRICTED NET ASSETS, END OF YEAR	\$ 5,837	\$ 4,467

The accompanying notes are an integral part of these financial statements

**ALGOMA NURSE PRACTITIONER - LED CLINIC
STATEMENT OF CASH FLOWS**

YEAR ENDED MARCH 31,	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	\$ 1,370	\$ 3,247
Add charges to income not involving cash:		
Amortization of capital assets	83,914	80,044
Amortization of deferred capital contributions	(83,914)	(80,044)
	1,370	3,247
Changes in non-cash working capital:		
Accounts receivable	(607)	12,099
Prepaid expenses	4,031	(9,225)
Accounts payable and accrued liabilities	21,811	(736)
Deferred revenue	(27,898)	(5,700)
Payable to the Ministry of Health and Long-Term Care	17,423	(136,738)
	16,130	(137,053)
CASH FLOW FROM FINANCING ACTIVITIES		
Deferred capital contributions	23,057	43,887
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of capital assets	(23,057)	(43,887)
INCREASE (DECREASE) IN CASH DURING THE YEAR	16,130	(137,053)
CASH, BEGINNING OF YEAR	375,036	512,089
CASH, END OF YEAR	\$ 391,166	\$ 375,036
COMPRISED OF:		
Cash	\$ 241,166	\$ 375,036
Short-term investments	150,000	-
	\$ 391,166	\$ 375,036

The accompanying notes are an integral part of these financial statements

**ALGOMA NURSE PRACTITIONER - LED CLINIC
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2021

The Algoma Nurse Practitioner - Led Clinic (the "Organization") is incorporated without share capital under the law of Ontario and its principal activities include providing health care services principally by nurse practitioners in collaboration with other health care providers. The Organization is exempt from income tax provided certain conditions are met under the income tax act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO) in Part III of the CPA Canada Handbook - Accounting.

Capital Assets

Purchased capital assets are recorded at cost.

Capital assets are amortized on the declining-balance or straight-line basis using the following annual rates:

Leasehold Improvements	Straight-line	10 years
Computer equipment	Declining-balance	50%
Computer software	Declining-balance	50%
Furniture and equipment	Declining-balance	20%

Employee Future Benefits

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Organization has insufficient information to apply defined benefit plan accounting.

Financial Instruments

Financial instruments are recorded at fair value on initial recognition.

Fund Accounting

The unrestricted fund accounts for contributions and other sources of revenue which are available for use at the Organization's discretion.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. if there is an indicator or impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows, the carrying value of the financial assets is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. if events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

**ALGOMA NURSE PRACTITIONER - LED CLINIC
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Year Funding Adjustment

The Organization received the majority of its funding from the Ministry of Health and Long-Term Care (MOHLTC). The operations are subject to audit by the MOHLTC with possible audit adjustments repayable to the MOHLTC. Any adjustments required as a result of these audits are made in the year they are determined.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and other revenues are recognized as revenue when received or receivable if amounts to be received can be reasonably estimated and collection is reasonably assured.

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 at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying value of capital assets and valuation allowance for accounts receivable. Actual results could differ from those estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. CAPITAL ASSETS

			2021	2020
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 537,015	\$ 510,164	\$ 26,851	\$ 80,553
Furniture and equipment	174,593	132,468	42,125	43,908
Computer equipment	147,317	135,395	11,922	26,497
Computer software	65,950	49,220	16,730	7,527
	\$ 924,875	\$ 827,247	\$ 97,628	\$ 158,485

3. OPERATING LINE OF CREDIT

The Organization has an unsecured line of credit in the amount of \$25,000. The line of credit is due upon demand and bears interest at prime plus 1.0%. At March 31, 2020, no amounts had been drawn on the line of credit.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$32,007 (2020 - \$24,375), which includes amounts payable for payroll related taxes.

**ALGOMA NURSE PRACTITIONER - LED CLINIC
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2021

5. PAYABLE TO THE MINISTRY OF HEALTH AND LONG-TERM CARE

The payable to the Ministry of Health and Long-Term Care consists of operating funding repayable of \$167,826 (2020 - \$150,403). \$17,423 of this balance is related to the current year operations. This payable balance is due to the start-up phase of the clinic and staff vacancies being left unfilled.

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred contributions represent restricted contributions from funders with which the Organization's furniture, equipment, computers and leasehold improvements were purchased. The changes in the deferred contributions balance for the year are as follows:

	2021	2020
Balance, beginning of year	\$ 158,485	\$ 194,642
Contributions received during the year	23,057	43,887
Amortized to revenue during the year	(83,914)	(80,044)
Balance, end of year	\$ 97,628	\$ 158,485

7. PENSION PLAN

The Organization's temporary and permanent employees are members of the Healthcare of Ontario Pension Plan (HOOPP) defined benefit pension plan. The contributions during the year were \$ 85,735 (2020 - \$ 88,185).

8. COMMITMENT

The Organization leases their current premises under a lease agreement that expires in December 2025. The annual lease commitment to term is as follows:

2022	-	\$ 45,902
2023	-	\$ 46,823
2024	-	\$ 47,766
2025	-	\$ 48,724
2026 (9 months)	-	\$ 37,106

In 2021, \$44,577 was paid to lease the premises.

9. FINANCIAL RISKS

Liquidity Risk

Liquidity risk is the risk that the Organization will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Organization manages liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfil its obligations. There has been no change to the risk exposures from 2020.

Interest Rate Risk

Interest rate risk is the risk of potential financial loss caused by fluctuations in fair value of future cash flow of financial instruments due to changes in market interest rates. The Organization is exposed to this risk through its interest bearing deposits. The Organization manages this risk through investing in fixed-rate deposits of short to medium term maturity.

**ALGOMA NURSE PRACTITIONER - LED CLINIC
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2021

10. ECONOMIC DEPENDENCE

The Organization is dependent on annual contributions from the Ministry of Health and Long-Term Care in order to fund its general operations. Should these contributions cease, the Organization may be unable to continue operations.

11. EFFECTS OF COVID-19

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak as a pandemic. This has resulted in significant financial, market, and societal impacts in Canada and around the world. The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Organization's operations and financial position is not known at this time. Due to the decline in overall economic conditions, declines in revenues and future cash flows, as well as changes to the value of assets and liabilities may occur. An estimate of the financial effect of the pandemic on the Organization is not predictable at this time.

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