

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

Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of Algoma Nurse Practitioner - Led Clinic

Opinion

I have audited the financial statements of Algoma Nurse Practitioner - Led Clinic, which comprise the statement of financial position as at March 31, 2019 and its financial performance, changes in net assets and its 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 the Entity as at March 31, 2019 and its financial performance and its 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 the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and I have fulfilled our 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 our opinion.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives is 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, 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 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 Entity'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 Entity'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 Entity 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.



Chartered Professional Accountant
Professional Corporation
Authorized to practice public accounting by The Chartered Professional Accountants of Ontario
Sault Ste. Marie, Ontario
June 10, 2019

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

AS AT MARCH 31, **2019** **2018**

ASSETS

CURRENT ASSETS

Cash	\$ 512,089	\$ 725,307
Accounts receivable	24,622	8,614
Prepaid expenses	15,814	25,289
	552,525	759,210

CAPITAL ASSETS (note 2)

194,642 262,075

\$ 747,167 \$ 1,021,285

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities (note 4)	\$ 95,090	\$ 111,265
Payable to the Ministry of Health and Long-Term Care (note 5)	287,141	646,726
Deferred grants	169,075	-
	551,306	757,991

DEFERRED CAPITAL CONTRIBUTIONS (note 6)

194,641 262,074

745,947 1,020,065

NET ASSETS

Unrestricted	1,220	1,220
Commitment (note 8)		
	\$ 747,167	\$ 1,021,285

\$ 747,167 \$ 1,021,285

Approved by the Board:

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

FOR THE YEAR ENDED MARCH 31,

2019

2018

REVENUE

Ministry of Health and Long-Term Care	\$ 1,323,933	\$ 1,264,002
Amortization of deferred capital contributions	77,257	75,815
Miscellaneous	9,071	5,466
Ministry of Health and Long-Term Care one-time funding	5,925	-
	<u>1,416,186</u>	<u>1,345,283</u>

EXPENSES

Amortization of capital assets	77,257	75,815
Equipment	3,476	2,519
General overhead	35,656	29,459
Information technology	17,807	21,139
Insurance	12,511	11,543
Premises	76,789	74,853
Salaries and benefits	1,021,475	938,655
Service fees	69,213	28,857
	<u>1,314,184</u>	<u>1,182,840</u>

EXCESS OF REVENUE OVER EXPENSES BEFORE PAYABLE TO THE MINISTRY OF HEALTH AND LONG-TERM CARE	102,002	162,443
PAYABLE TO THE MINISTRY OF HEALTH AND LONG-TERM CARE	102,002	161,223
EXCESS OF REVENUE OVER EXPENSES	-	1,220
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	1,220	-
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 1,220</u>	<u>\$ 1,220</u>

The accompanying notes are an integral part of these financial statements

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

FOR THE YEAR ENDED MARCH 31,	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over (under) expenses	\$ -	\$ 1,220
Adjustments for:		
Amortization of capital assets	77,257	75,815
Amortization of deferred capital contributions	(77,257)	(75,815)
	-	1,220
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(16,008)	6,046
Decrease (increase) in prepaid expenses	9,475	(5,124)
(Decrease) increase in accounts payable and accrued liabilities	(16,175)	39,002
Increase (decrease) in deferred revenue	169,075	-
Increase (decrease) in payable to the Ministry of Health and Long-Term Care	(359,585)	(32,830)
	(213,218)	8,314
CASH FLOW FROM FINANCING ACTIVITIES		
Deferred capital contributions	9,825	30,456
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of capital assets	(9,825)	(30,456)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(213,218)	8,314
CASH, BEGINNING OF YEAR	725,307	716,993
CASH, END OF YEAR	\$ 512,089	\$ 725,307

The accompanying notes are an integral part of these financial statements

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

MARCH 31, 2019

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. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting.

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions.

(b) Fund accounting:

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

(c) 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%

(d) 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.

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

MARCH 31, 2019

1. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition.

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 of 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.

(f) 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.

(g) 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.

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

MARCH 31, 2019

2. Capital Assets:

			2019	2018
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 537,015	\$ 402,761	\$ 134,254	\$ 187,955
Furniture and equipment	150,185	114,011	36,174	45,218
Computer equipment	120,062	106,601	13,461	13,540
Computer software	50,668	39,915	10,753	15,362
	\$ 857,930	\$ 663,288	\$ 194,642	\$ 262,075

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 4.0%. At March 31, 2019, 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 \$ 33,666 (2018 - \$29,479), which includes amounts payable for payroll related taxes.

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 \$287,141 (2018 - \$646,726). \$102,002 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:

	2019	2018
Balance, beginning of year	\$ 262,074	\$ 307,433
Amortization of deferred capital contributions	(77,257)	(75,815)
Addition to deferred capital contributions	9,824	30,456
Balance, end of year	\$ 194,641	\$ 262,074

7. Pension plan:

The Organization's employees are members of the Healthcare of Ontario Pension Plan (HOOPP) defined benefit pension plan. The contributions during the year were \$ 90,756 (2018 - \$ 64,481).

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

MARCH 31, 2019

8. Commitment:

The Organization leases their current premises under a lease agreement that expires in December 2020. The monthly lease payments is \$3,684, resulting in an annual lease commitment of \$44,208.

9. Financial risks:

(a) 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 to 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 2018.

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