

**FINANCIAL STATEMENTS  
MARCH 31, 2020**

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**Rideau Community  
Health Services  
Financial Statements  
March 31, 2020**



## Management's Responsibility for the Financial Statements

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The accompanying financial statements of the Rideau Community Health Services (RCHS) are the responsibility of the Organization's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Organization's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to Board approval of the financial statements.

The financial statements have been audited by Allan and Partners LLP , independent external auditors appointed by the Organization. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Organization's financial statements.



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*Michele Bellows*  
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*Janet Cosier*  
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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors and Members of Rideau Community Health Services:

### Opinion

We have audited the financial statements of Rideau Community Health Services (the 'Entity'), which comprise:

- the statement of financial position as at March 31, 2020;
- the statement of operations and net financial assets for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### 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 '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity 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 Public Sector Accounting Standards 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 related 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**

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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.



Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario  
July 29, 2020.

## Rideau Community Health Services Statement of Financial Position

March 31	2020	2019
	\$	\$
<b>Assets</b>		
Current Assets		
Cash	2,358,269	1,758,451
Accounts receivable (note 2)	99,986	11,792
Accounts receivable ▶ HST (note 2)	359,230	305,074
Prepaid expenses	50,208	52,627
	<b>2,867,693</b>	2,127,944
Capital Assets (note 3)	<b>1,512,212</b>	958,016
	<b>4,379,905</b>	3,085,960
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	1,054,825	969,461
Due to Ministry of Health and Long Term Care and Ministry of Community and Social Services (note 4)	1,396,890	945,548
Deferred revenues (note 5)	289,367	86,324
	<b>2,741,082</b>	2,001,333
Deferred Contributions (note 6)	<b>1,490,100</b>	918,347
	<b>4,231,182</b>	2,919,680
Contingent Liabilities (note 10)		
<b>Net Financial Assets</b>		
Invested in capital assets	22,112	39,669
Unrestricted	126,611	126,611
	<b>148,723</b>	166,280
	<b>4,379,905</b>	3,085,960

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

## Rideau Community Health Services Statement of Operations

For the year ended March 31	2020	2019
	\$	\$
<b>Revenues</b>		
Ministry of Health	8,303,983	7,541,163
Amortization of deferred contributions	377,441	314,011
Ministry of Community and Social Services	127,268	116,798
Recoverables and other income	599,935	345,580
	<b>9,408,627</b>	<b>8,317,552</b>
<b>Expenses</b>		
Compensation		
Salaries	5,791,950	5,330,279
Benefits	1,357,613	1,204,005
Service Cost		
Rent and accommodation	538,258	435,722
Medical supplies	78,158	63,937
Contracted out	316,627	204,520
Equipment	88,996	37,713
Sundry	859,624	737,183
Amortization	394,998	332,492
	<b>9,426,224</b>	<b>8,345,851</b>
<b>Deficiency of Revenues Over Expenses From Operations</b>	<b>(17,597)</b>	<b>(28,299)</b>
<b>Other Revenues and Expenses</b>		
Revenues ▶ Rotman Advanced Leadership Project	50,985	254,725
Expenses ▶ Rotman Advanced Leadership Project	(50,945)	(254,281)
	<b>40</b>	<b>444</b>
<b>Deficiency Revenues Over Expenses</b>	<b>(17,557)</b>	<b>(27,855)</b>
<b>Net Financial Assets, Beginning of Year</b>	<b>166,280</b>	<b>194,135</b>
<b>Net Financial Assets, End of Year</b>	<b>148,723</b>	<b>166,280</b>

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

**Rideau Community Health Services  
Statement of Changes in Net Financial Assets**

<b>Year Ended March 31</b>	Invested in Capital Assets	Unrestricted	<b>2020</b>	2019
	\$	\$	\$	\$
<b>Balance, Beginning of Year</b>	39,669	126,611	<b>166,280</b>	194,135
<b>Deficiency of Revenues over Expenses</b>	(17,557)	---	<b>(17,557)</b>	(27,855)
<b>Balance, End of Year</b>	22,112	126,611	<b>148,723</b>	166,280

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



**Rideau Community Health Services  
Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows Provided From:</b>		
<b>Operating</b>		
Deficiency of revenues over expenses	(17,557)	(27,855)
Amortization of capital assets	394,998	332,492
Amortization of deferred contributions	(377,441)	(314,011)
	---	(9,374)
<b>Net Change in Non-Cash Working Capital Balances Related to Operations</b>		
Accounts receivable	(88,194)	32,590
Accounts receivable ▶ HST	(54,156)	(168,479)
Prepaid expenses	2,419	(4,887)
Accounts payable and accrued liabilities	85,364	155,909
Due to Ministry of Health and Long Term Care and Ministry of Community and Social Services	451,342	547,648
Deferred revenues	203,043	13,125
	599,818	575,906
<b>Net Change from Operations</b>	<b>599,818</b>	<b>566,532</b>
<b>Investing Activities</b>		
Guaranteed Investment Certificates	---	71,499
Capital asset additions	(949,194)	(210,446)
	(949,194)	(138,947)
<b>Financing Activities</b>		
Net increase in deferred contributions	949,194	210,446
<b>Change in Cash, During the Year</b>	<b>599,818</b>	<b>638,031</b>
<b>Cash, Beginning of Year</b>	<b>1,758,451</b>	<b>1,120,420</b>
<b>Cash, End of Year</b>	<b>2,358,269</b>	<b>1,758,451</b>

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

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# Rideau Community Health Services Notes to the Financial Statements

March 31, 2020

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## Description of Organization

Rideau Community Health Services (RCHS) is incorporated under the laws of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act. Its mission is to provide a wide range of health services and programs to individuals, families throughout Lanark, Leeds and Grenville, with an emphasis on the communities of Merrickville and Smiths Falls.

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## 1. Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations.

### Revenue Recognition

Under the Health Insurance Act and Regulations thereto, the Organization is funded, primarily by the Province of Ontario, in accordance with budget arrangements established by the Ministry of Health and Long-Term Care, the South East Local Health Integrated Network, Ministry of Community and Social Services and Ministry of Children and Youth Services. 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 the subsequent period.

The Organization follows the deferral method of accounting for contributions for non-government funds.

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.

Externally restricted contributions, such as trust funds are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. 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.

The amount of any pledges and bequests to donate funds to the Organization is not included in revenue until such time as funds are received.

### Classification of Financial Instruments

All financial instruments reported on the Statement of Financial Position of the Organization are classified as follows:

Cash	Fair value
Accounts receivable	Amortized cost
Accounts payable	Amortized cost

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# Rideau Community Health Services

## Notes to the Financial Statements

March 31, 2020

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### 1. Significant Accounting Policies / continued

#### Short-Term Investments and Investments

Transaction costs related to the acquisition of investments are recorded against investment income. Sales and purchases of investments are recorded on the settlement date.

Fair value is determined at quoted market prices. The calculation of fair value is based upon market conditions at a specific point in time and may not be reflective of future fair value.

#### Capital Assets

Purchased capital assets, other than minor equipment are recorded at cost. When an asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Minor equipment replacements are expensed in the year of replacement. Construction in progress is not amortized until the project is complete and the facilities come into use. Capital assets are amortized over their expected useful lives as follows:

Buildings	5%
Computer Equipment	5 years
Furniture and Fixtures	5 years
Generator	5 years
Medical Equipment	5 years
Leasehold Improvements	10 years

#### Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

#### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expensed during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known. The most significant estimates used in preparing these financial statements include the estimated useful lives of capital assets, the assumptions underlying the employee future benefit liability calculation, the amount of accrued liabilities and the allowance for doubtful accounts.

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## Rideau Community Health Services Notes to the Financial Statements

March 31, 2020

### 2. Accounts Receivable

Accounts receivable are comprised of the following:

	2020	2019
	\$	\$
HST	359,230	305,074
Other	99,986	11,792
	<b>459,216</b>	<b>316,866</b>

### 3. Capital Assets

	2020			2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Building	1,186,196	671,725	514,471	470,002
Furniture and Fixtures	55,791	30,910	24,881	8,942
Computer Equipment	229,514	131,122	98,392	101,566
Medical Equipment	305,380	245,530	59,850	107,026
Leasehold Improvements	2,529,702	1,715,084	814,618	270,480
	<b>4,306,583</b>	<b>2,794,371</b>	<b>1,512,212</b>	<b>958,016</b>

### 4. Due to Ministry of Health and Long Term Care, and of Community and Social Services

#### (a) Activity in Year

Ministry of Health and Long Term Care (MOHLTC)	2020	2019
	\$	\$
Balance, beginning of year	945,548	397,875
Repaid in year	(187,874)	(209,901)
Current year payable to Ministry	639,216	757,574
Balance, end of year	<b>1,396,890</b>	<b>945,548</b>

## Rideau Community Health Services Notes to the Financial Statements

March 31, 2020

### 4. Due to Ministry of Health and Long Term Care, and of Community and Social Services / continued

#### (a) Activity in Year / continued

Ministry of Community and Social Services (MCSS)	2020	2019
	\$	\$
Balance, beginning of year	---	25
Repaid in year	---	(25)
Balance, end of year	---	---

#### (b) Amounts Payable to Ministry By Year

	2020	2019
	\$	\$
2020 MOHLTC	639,316	757,574
2019 MOHLTC	757,574	187,974
	<b>1,396,890</b>	<b>945,548</b>

### 5. Deferred Revenue

#### (a) Deferred revenue for the current year is comprised of the following activity::

	Donations	Funding	Total
	\$	\$	\$
Opening Balance	51,670	3,870	55,540
Revenues Received in Year	16,050	364,169	380,219
Expenses in Year	(23,690)	(122,702)	(146,392)
Ending Balance	44,030	245,337	289,367

(b) Donations are part of non-government funds, and are reflected as 'Other' on the Operating Statement Schedule on page 15.

(c) Funding, which is primarily Lanark County, is reflected on the Operating Statement Schedule as Addiction.

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## Rideau Community Health Services Notes to the Financial Statements

March 31, 2020

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### 6. Deferred Contributions

The Ministry of Health and Long Term Care provide grants for approved acquisitions of capital assets. These grants are recorded in deferred contributions and amortized over the useful life of the associated asset.

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### 7. Demand Loan

The Organization has access to a \$200,000 demand credit facility with the Royal Bank of Canada. This facility was not in use as at March 31, 2020.

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### 8. Operating Leases

RGHS leases premises in Smiths Falls on a month to month basis, in Brockville until October 2020 and in Perth until November 2023. Future minimum lease payments, including operating costs and HST are:

	\$
2021	443,464
2022	291,046
2023	121,966
2024	107,121
2025	21,585

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### 9. Financial Instruments

#### *Establishing Fair Value*

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the relatively short period to maturity of the instruments.

#### *Fair Value Hierarchy*

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- ▶ Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ▶ Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie: as prices) or indirectly (ie: derived from prices); and,

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## Rideau Community Health Services Notes to the Financial Statements

March 31, 2020

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### 9. Financial Instruments / continued

#### *Fair Value Hierarchy / continued*

- ▶ Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

#### Credit Risk

Credit risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and incur a financial loss. The Organization is exposed to credit risk on its accounts receivable. Management has assessed credit risk as low since receivables are due from governments.

#### Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they fall due. The Organization requires working capital to meet day-to-day operating activities. Management expects that the Organization's cash flows from operating activities will be sufficient to meet these requirements.

#### Market Risk

The Organization is not exposed to any market risk due to the nature of its activities.

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### 10. Contingent Liabilities

The nature of the Organization's activities is such that litigation can arise at any time. As at the date of the audit report, management represents that there are no known claims outstanding or pending. Notwithstanding this, should a claim arise and be successful, management believes the Organization has appropriate insurance coverages in place, such that there would be no material effect on the Organization's financial position.

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### 11. Economic Dependence

The Organization is dependent on the South East Local Health Integration Network for a significant portion of its revenue. These funds are provided under a Multi-Sectoral Accountability Agreement.

As the Organization's main source of income is derived from this agreement, its ability to continue viable operations is dependent upon the renewal of this agreement.

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## Rideau Community Health Services Operating Statement Schedule

March 31, 2020

	LHIN CHC Core	LHIN One Time	MCSS	Addiction	Other	Totals & Net Surplus (Deficit)
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
▸ LHIN	8,308,205	---	---	---	---	8,308,205
▸ LHIN One Time	---	646,162	---	---	---	646,162
▸ MCSS	---	---	127,268	---	---	127,268
▸ Recoverable	453,543	2,190	---	91,571	52,630	599,934
▸ Amortization of deferred contributions	---	---	---	---	377,441	377,441
Less: amounts owing to Ministry	(392,465)	(257,919)	---	---	---	(650,384)
<b>Total Revenues</b>	<b>8,369,283</b>	<b>390,433</b>	<b>127,268</b>	<b>91,571</b>	<b>430,071</b>	<b>9,408,626</b>
<b>Expenses</b>						
<b>Compensation</b>						
▸ Salaries	5,396,189	231,647	90,117	73,997	---	5,791,950
▸ Benefits	1,280,612	44,266	17,981	14,753	---	1,357,612
<b>Total Compensation</b>	<b>6,676,801</b>	<b>275,913</b>	<b>108,098</b>	<b>88,750</b>	<b>---</b>	<b>7,149,562</b>
<b>Service Cost</b>						
▸ Contracted out	316,627	---	---	---	---	316,627
▸ Equipment	88,996	---	---	---	---	88,996
▸ Medical supplies	71,530	---	6,628	---	---	78,158
▸ Rent and accommodation	496,535	37,023	4,700	---	---	538,258
<b>Total Service Cost</b>	<b>973,688</b>	<b>37,023</b>	<b>11,328</b>	<b>---</b>	<b>---</b>	<b>1,022,039</b>
<b>Sundry</b>						
▸ Computer	171,278	520	750	---	---	172,548
▸ General administration	145,196	3,919	965	87	---	150,167
▸ Insurance	32,390	---	---	---	---	32,390
▸ Miscellaneous	23,777	50	---	---	---	23,827
▸ Professional development	38,705	34,792	21	215	---	65,733
▸ Professional fees	73,541	20,042	---	---	---	93,583
▸ Program expenses	17,575	7,193	1,996	912	52,630	80,306
▸ Repairs and maintenance	63,497	---	---	---	---	63,497
▸ Telephone	94,278	4,715	1,514	1,200	---	101,707
▸ Travel	66,557	6,306	2,596	407	---	75,866
<b>Total Sundry</b>	<b>718,794</b>	<b>77,537</b>	<b>7,842</b>	<b>2,821</b>	<b>52,630</b>	<b>859,624</b>
<b>Rotman Advanced Leadership</b>						
Revenues	---	50,985	---	---	---	50,985
Expenses	---	50,945	---	---	---	50,945
	---	40	---	---	---	40
<b>Amortization</b>	---	---	---	---	394,998	394,998
<b>Total Net Deficit</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>(17,557)</b>	<b>(17,557)</b>