

NorWest Community Health Centres
Financial Statements
March 31, 2023

NorWest Community Health Centres Contents

For the year ended March 31, 2023

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Management's Responsibility

To the Board of Directors of NorWest Community Health Centres:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Centres. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Centres's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 20, 2023



Administrator

To the Board of Directors of NorWest Community Health Centres:

Opinion

We have audited the financial statements of NorWest Community Health Centres (the "Centres"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the 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 the Centres as at March 31, 2023, 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

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 Centres 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.

Other Matter

The supplementary information contained in the schedules is presented for the purposes of additional analysis and is not part of the basic audited financial statements. The information in the schedules was derived from the accounting records tested in forming an opinion on the financial statements as a whole.

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

Those charged with governance are responsible for overseeing the Centres'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.

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 Centres 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 Centres 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 Centres 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.

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.

Thunder Bay, Ontario

June 20, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

NorWest Community Health Centres
Statement of Financial Position

As at March 31, 2023

	2023	2022
Assets		
Current		
Cash (Note 3)	3,145,641	3,083,222
Accounts receivable (Note 4)	1,055,309	1,188,542
Government remittances receivable	286,851	306,897
Prepaid expenses	125,535	109,780
	4,613,336	4,688,441
Capital assets (Note 5)	10,291,388	10,436,429
	14,904,724	15,124,870
Liabilities		
Current		
Accounts payable and accruals	1,736,673	2,216,844
Accrued wages payable	242,816	231,133
Deferred revenue (Note 7)	152,629	51,694
Due to funding agencies (Note 8)	2,373,053	2,081,205
	4,505,171	4,580,876
Deferred capital contributions (Note 9)	8,592,264	8,737,305
	13,097,435	13,318,181
Contingencies (Note 10)		
Net Assets		
Invested in capital assets	1,699,124	1,699,124
Unrestricted	108,165	107,565
	1,807,289	1,806,689
	14,904,724	15,124,870

Approved on behalf of the Board


 Director


 Director

The accompanying notes are an integral part of these financial statements

NorWest Community Health Centres Statement of Operations and Changes in Net Assets

For the year ended March 31, 2023

	<i>Restricted Fund</i>	<i>Unrestricted Fund</i>	<i>Invested in Capital Assets</i>	2023	<i>2022</i>
Revenue					
Ministry of Health					
Base funding	13,159,323	-	-	13,159,323	12,620,190
Non-recurring	568,071	-	-	568,071	1,832,734
Public Health Agency of Canada	742,859	-	-	742,859	496,627
St. Joseph's Care Group	521,756	-	-	521,756	448,882
Interest income	61,094	-	-	61,094	7,271
Other income	789,854	600	-	790,454	670,488
Funding repayable to MOH <i>(Note 11)</i>	(291,849)	-	-	(291,849)	(885,756)
Third party billings	18,531	-	-	18,531	12,465
Amortization of deferred capital contributions <i>(Note 9)</i>	578,645	-	-	578,645	549,158
Less: deferred capital contributions <i>(Note 9)</i>	(433,604)	-	-	(433,604)	(1,051,582)
Less: current year deferred revenue	(152,629)	-	-	(152,629)	(51,694)
Add: prior year deferred revenue	51,694	-	-	51,694	70,495
	15,613,745	600	-	15,614,345	14,719,278

Continued on next page

The accompanying notes are an integral part of these financial statements

NorWest Community Health Centres Statement of Operations and Changes in Net Assets

For the year ended March 31, 2023

	Restricted Fund	Unrestricted Fund	Invested in Capital Assets	2023	2022
Expenses					
Administration fee	23,500	-	-	23,500	23,500
Advertising	3,241	-	-	3,241	2,506
Bank charges	549	-	-	549	1,552
Board development and expenses	6,620	-	-	6,620	2,220
Building occupancy	797,068	-	-	797,068	615,641
Consultants	247,778	-	-	247,778	388,094
Contract services	683,137	-	-	683,137	660,691
Equipment maintenance	-	-	-	-	5,000
Information technology	190,244	-	-	190,244	168,875
Insurance (Note 15)	130,716	-	-	130,716	106,187
Medical supplies (Note 15)	289,162	-	-	289,162	258,565
Meeting	16,767	-	-	16,767	27,201
Membership fees	43,417	-	-	43,417	34,599
Office expenses (Note 15)	126,293	-	-	126,293	107,905
Postage and courier	10,937	-	-	10,937	9,980
Printing and copier	14,207	-	-	14,207	14,181
Professional fees (Note 15)	76,025	-	-	76,025	44,079
Program supplies	321,210	-	-	321,210	307,170
Recruitment	13,975	-	-	13,975	26,437
Resources	12,458	-	-	12,458	16,907
Salaries and benefits (Note 15)	11,362,642	-	-	11,362,642	10,806,954
Staff development	142,342	-	-	142,342	51,514
Telephone	91,032	-	-	91,032	91,844
Travel	268,657	-	-	268,657	259,733
Utilities	127,568	-	-	127,568	116,541
Vehicle expense	35,555	-	-	35,555	20,394
	15,035,100	-	-	15,035,100	14,168,270
Amortization of capital assets	578,645	-	-	578,645	549,158
Total expenses	15,613,745	-	-	15,613,745	14,717,428
Excess of revenue over expenses	-	600	-	600	1,850
Net assets, beginning of year	-	107,565	1,699,124	1,806,689	1,804,839
Net assets, end of year	-	108,165	1,699,124	1,807,289	1,806,689

The accompanying notes are an integral part of these financial statements

NorWest Community Health Centres

Statement of Cash Flows

For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	600	1,850
Amortization	578,645	549,158
Deferred capital contributions (net)	(145,041)	502,424
	434,204	1,053,432
Changes in working capital accounts		
Accounts receivable	133,233	(710,016)
Government remittances receivable	20,046	(49,917)
Prepaid expenses and deposits	(15,755)	193,999
Accounts payable and accruals	(480,172)	877,675
Accrued wages payable	11,683	(318,739)
Due to funding agencies	291,849	696,594
Deferred revenue	100,935	(18,801)
	496,023	1,724,227
Investing		
Purchase of capital assets	(433,604)	(1,051,582)
Increase in cash resources	62,419	672,645
Cash resources, beginning of year	3,083,222	2,410,577
Cash resources, end of year	3,145,641	3,083,222

The accompanying notes are an integral part of these financial statements

NorWest Community Health Centres

Notes to the Financial Statements

For the year ended March 31, 2023

1. Incorporation and nature of the organization

NorWest Community Health Centres (the "Centres") was incorporated October 5, 1988 under the laws of the Province of Ontario as a not-for-profit organization without share capital. On April 1, 2001, Ogden-East End Community Health Centre merged with Longlac Community Health Care to operate as NorWest Community Health Centres. The Centres' objective is to provide services which range from preventative education to treatment and follow-up to the Northwestern Ontario communities of Thunder Bay, Armstrong, Kakabeka Falls, and Longlac. The tax-exempt Centres are a registered charity under the Income Tax Act.

2. Significant accounting policies

The financial statements of the Centres have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Basis of presentation

The Centres receive a majority of its funding from the Ministry of Health ("MOH") based on bi-annual budget submissions. The Centres administer the programs on behalf of the Ontario Health. At year-end, total expenditures calculated in accordance with the Ontario Health guidelines are compared to the approved budget and, at the discretion of the Ontario Health, any excess funding is refunded to the government agency or affects the funding available to the program in the succeeding year.

Fund accounting

The Centres report using fund accounting, and maintains three funds.

The Unrestricted Fund reports the Centres' revenue and expenses related to program delivery and administrative activities.

The Restricted Fund reports assets, liabilities, revenue and expenses related to programs that are funded with restricted contributions.

Invested in Capital Assets reports the assets, liabilities, revenue and expenses related to property and equipment.

Revenue recognition

The Centres follow 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 are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Third party billings and other income are recognized as revenue upon completion of service provision, provided the amount is measurable and collectability is reasonably assured. Interest income is accrued as earned over time.

Deferred revenue represents the unspent portion of income from grants and signed contracts which extend beyond the year-end.

Cash and cash equivalents

Cash and cash equivalents include balances held with a chartered bank. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

2. Significant accounting policies *(Continued from previous page)*

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Assets under construction are not amortized until they are available for use.

	Method	Years
Buildings	straight-line	25-40 years
Computer equipment	straight-line	4-5 years
Furniture and equipment	straight-line	5-10 years

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Centres determine that a long-lived asset no longer has any long-term service potential to the Centres, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations and changes in net assets. Write-downs are not reversed.

Deferred capital contributions

Deferred capital contributions represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Centres' capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Allocation of expenses

The Centres engage in various health-care programs. The Centres incur a number of general support expenses that are common to the administration of the Centres and each of its programs.

The Centres allocate certain of its general support expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. Administrative expenses are allocated on the following bases:

Audit, administrative salaries, insurance, office expenses and supplies	Based on eligible expenditures outlined in funder approved program budgets
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2. **Significant accounting policies** *(Continued from previous page)*

Contributed materials and services

Contributions of materials are recognized both as contributions and expenses in the statement of operations and changes in net assets when a fair value can be reasonably estimated, is significant, and when the materials and services are used in the normal course of the Centres' operations and would otherwise have been purchased.

Measurement uncertainty (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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization and deferred capital contributions are based on the estimated useful lives of capital assets.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

Deferred revenue is estimated based on management's assessment of the unspent amount of funding received as at year-end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

Financial instruments

The Centres recognize financial instruments when the Centres becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Centres may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Centres have not made such an election during the year. Fair value is determined by reference to recent arm's length transactions.

The Centres subsequently measure investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Centres' performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

NorWest Community Health Centres
Notes to the Financial Statements
For the year ended March 31, 2023

2. Significant accounting policies *(Continued from previous page)*

Financial asset impairment

The Centres assess impairment of all its financial assets measured at cost or amortized cost. The Centres group assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considered whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Centres determine whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Centres reduce the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Centres reduce the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Centres reduce the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Centres reverse impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

3. Cash

	2023	2022
Petty cash - General	700	700
Petty cash - Armstrong	100	100
Petty cash - Longlac	300	300
General chequing account - Thunder Bay	2,886,118	2,832,452
Chequing account - Longlac site - special fund	3,497	1,418
General chequing account - Capital	254,926	248,252
	3,145,641	3,083,222

4. Accounts receivable

	2023	2022
Trade receivables	989,534	727,846
Due from MOH/OH NW	65,775	460,696
	1,055,309	1,188,542

NorWest Community Health Centres

Notes to the Financial Statements

For the year ended March 31, 2023

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>
Land	1,216,009	-	1,216,009
Buildings	12,047,995	4,805,541	7,242,454
Computer equipment	656,131	481,340	174,791
Furniture and equipment	3,167,955	1,509,821	1,658,134
	17,088,090	6,796,702	10,291,388
<hr/>			
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2022 Net book value</i>
Land	1,216,009	-	1,216,009
Buildings	11,476,750	4,417,153	7,059,597
Computer equipment	583,649	420,924	162,725
Furniture and equipment	2,921,245	1,415,606	1,505,639
Construction-in-progress	492,459	-	492,459
	16,690,112	6,253,683	10,436,429

6. Bank indebtedness

The Centres have available an operating line of credit to a maximum of \$600,000 bearing interest at the bank's prime rate (6.70% at year-end; 2022 - 2.70%), secured by a general security agreement covering all assets and undertakings. The balance outstanding at year-end is \$Nil (2022 - \$Nil).

7. Deferred revenue

During the year the Centre received revenue with respect to operating agreements which extend beyond the Centre's fiscal year-end. To the extent that such revenue had not been expended by the fiscal year-end, they have been recorded as deferred revenue. The relevant amounts and agreements to which they pertain are as follows:

	<i>Balance, beginning of year</i>	<i>Amount received during the year</i>	<i>Amount recognized as revenue</i>	<i>2023</i>	<i>2022</i>
Gender Journeys Camp - fundraising	4,518	-	-	4,518	4,518
CHPI	26,176	-	(26,176)	-	26,176
Kinna Aweya Legal Clinic	21,000	-	(3,500)	17,500	21,000
Health Care Excellence	-	25,000	-	25,000	-
Alliance for Healthier Communities	-	95,701	-	95,701	-
Ontario Trillium Foundation	-	9,910	-	9,910	-
	51,694	130,611	(29,676)	152,629	51,694

NorWest Community Health Centres

Notes to the Financial Statements

For the year ended March 31, 2023

8. Due to funding agencies

	2023	2022
Consumption and Treatment Services - 2019/2020	43,013	43,013
Consumption and Treatment Services - 2020/2021	59,158	59,158
Consumption and Treatment Services - 2021/2022	58,524	58,524
Consumption and Treatment Services - 2022/2023	20,269	-
General Fund - 2018/2019	276,863	276,863
General Fund - 2019/2020	252,137	252,137
General Fund - 2020/2021	190,274	190,274
General Fund - 2021/2022	437,861	437,861
General Fund - 2022/2023	213,733	-
Diabetes Education Program - 2021/2022	43,348	43,348
Diabetes Mobile - 2019/2020	43,801	43,801
Integrated Palliative Clinical Care Program - 2019/2020	72,353	72,353
Integrated Palliative Clinical Care Program - 2021/2022	41,832	41,832
Integrated Palliative Clinical Care Program - 2022/2023	25,638	-
Interprofessional Primary Care Team - 2019/2020	60,465	60,465
Interprofessional Primary Care Team - 2021/2022	69,478	69,478
Managed Alcohol Program - 2021/2022	118,781	118,781
Midwifery Program - 2018/2019	156,681	156,681
Midwifery Program - 2019/2020	40,704	40,704
Midwifery Program - 2021/2022	92,932	92,932
Midwifery Program - 2022/2023	18,748	-
Armstrong Clinic - 2021/2022	23,000	23,000
Armstrong Clinic - 2022/2023	13,460	-
	2,373,053	2,081,205

9. Deferred capital contributions

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2023	2022
Balance, beginning of year	8,737,305	8,234,881
Amount received during the year	433,604	1,051,582
Less: amounts recognized as revenue during the year	(578,645)	(549,158)
	8,592,264	8,737,305

10. Contingencies

The Centres are contingently liable to its funding agencies for any expenditure that it may have made in contravention of the contract agreements with the agencies and any surpluses may be subject to recovery, depending on the terms and conditions of the relevant contract agreement. The amount of the liability, if any, is currently not determinable.

NorWest Community Health Centres

Notes to the Financial Statements

For the year ended March 31, 2023

11. Due to the Ministry of Health and Ontario Health

The following breakdown is provided in accordance with the Ministry of Health agreements:

	2023	2022
Approved funding for the year	13,727,394	14,452,924
Deduct "Capital expenditure funding"	<u>(433,604)</u>	<u>(1,051,582)</u>
Total MOH program funding for operations	13,293,790	13,401,342
Deduct: expenses eligible for MOH	<u>15,035,100</u>	<u>14,168,270</u>
Deficiency of funding over expenses for the year	(1,741,310)	(766,928)
Add: third party billings, interest, and property tax rebates refundable to MOH	<u>2,033,159</u>	<u>1,652,684</u>
	<u>291,849</u>	<u>885,756</u>
Amount refundable to MOH for the year		
- Armstrong Clinic	13,460	23,000
- General Fund	213,733	556,642
- Diabetes Mobile	-	43,348
- Interprofessional Primary Care Team	-	69,478
- Midwifery	18,748	92,932
- Consumption and Treatment Services	20,269	58,524
- Integrated Palliative Clinical Care	<u>25,639</u>	<u>41,832</u>
	<u>291,849</u>	<u>885,756</u>

12. Change in invested in capital assets

The change in invested in capital assets is calculated as follows:

	2023	2022
Purchase of capital assets	433,604	1,051,582
Amortization expense	(578,645)	(549,158)
Deferred capital contributions	(433,604)	(1,051,582)
Amortization of deferred capital contributions	<u>578,645</u>	<u>549,158</u>
	-	-

13. Commitments

The Centres have entered into various lease agreements for office equipment and leased space which have expiry dates ranging from October 2024 through June 2027. The estimated minimum annual payments are as follows:

2024	78,795
2025	62,776
2026	37,630
2027	26,612
2028	<u>8,663</u>
	<u>214,476</u>

14. Economic dependence

The Centres' primary source of revenue is funding from Ministry of Health and Ontario Health. The grant funding can be cancelled if the Centres do not observe certain established guidelines. The Centres' ability to continue viable operations is dependent upon maintaining its right to follow the criteria within funding guidelines. As at the date of these financial statements the Centres believe that they are in compliance with these guidelines.

NorWest Community Health Centres

Notes to the Financial Statements

For the year ended March 31, 2023

15. Allocated administration

Audit, salaries, insurance, office expenses, travel and supplies of \$756,972 (2022 - \$656,816) have been allocated as follows:

	2023	2022
GAPPS Program	(30,635)	(30,798)
Armstrong Clinic	3,890	(12,324)
Diabetes Education Program	18,307	39,176
Diabetes Mobile	35,118	(44,521)
RAAM	59,375	92,371
Midwifery	95,988	68,730
Interprofessional Primary Care Team	240,163	118,500
Consumption and Treatment Services	98,810	169,106
Integrated Palliative Clinical Care Program	109,862	74,259
Harm Reduction Fund	-	13,060
BETR (Building Enhanced Treatment Responses)	-	26,635
Pathways to Care - RAAM REACH	-	138,222
Immunization Partnership Fund	25,383	4,400
Thunder Bay Safer Supply Program	100,711	-
	756,972	656,816

16. Insurance

The Centres are members of the Healthcare Insurance Reciprocal of Canada ("HIROC"). Members pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of members for the years in which they were members. No such assessments have been made to March 31, 2023.

Since its inception in 1987 HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each member which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the unappropriated surplus at the time such distributions are declared by the Board of Directors of HIROC. There are no distributions receivable from HIROC as of March 31, 2023.

17. Public Sector Salary Disclosure Act, 1996

During the calendar year of 2023, nineteen employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Centres.

18. Financial instruments

The Centres, as part of its operations, carry a number of financial instruments. It is management's opinion that the Centres are not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Centres are exposed to interest rate cash flow risk with respect to interest on the bank credit facilities. Changes in lending rates may cause fluctuations in cash flows and interest expense. In the opinion of management the interest rate risk exposure to the Centres is low and is not material.

Liquidity risk

Liquidity risk is the risk that the Centres will encounter difficulty in meeting obligations associated with financial liabilities. The Centres enter into transactions to purchase goods and services on credit from various creditors, for which repayment is required at various maturity dates.

19. Pension agreements

A majority of the employees of the Centres are members of the Healthcare of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest average earnings.

Pension expense is based on the Plan management's best estimates, in consultation with its actuaries, of the amount, together with contributions by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are to be funded proportionately by the employees and the employer. The most recent actuarial valuation of the Plan as at December 31, 2022, indicates the Plan is 117% funded and the Plan's Board of Trustees have set 2022 contribution rates at the 2022 level. The majority of employees of the Centres are members of the Healthcare of Ontario Pension Plan. Contributions to the Plan made during the year by the Centres on behalf of its employees amounted to \$835,412 (2022 - \$778,866) and are included in the statement of operations and changes in net assets.

20. Budget information

During the year, the Board of Directors approved its operating budget based on planned expenses relating to the current year funding and other current year sources of revenue. The budget balances have been attached for information purposes only and are unaudited.

NorWest Community Health Centres

Schedule 1 - Schedule of General Fund Revenue and Expenses

For the year ended March 31, 2023

	2023 <i>Budget</i> <i>(Unaudited)</i>	2023 <i>Actual</i> <i>(Unaudited)</i>	2022 <i>Actual</i> <i>(Unaudited)</i>
Revenue			
Ministry of Health/OH NW			
Base funding	9,111,659	9,147,492	8,611,659
Non-recurring	-	448,509	1,368,238
Interest income	3,000	61,094	7,271
Third party billings	20,000	18,531	12,465
Other income	324,356	789,674	528,110
Funding repayable to MOH	-	(213,733)	(556,642)
Less: current year deferred revenue	-	(152,629)	(51,694)
Add: prior year deferred revenue	-	51,694	4,518
	9,459,015	10,150,632	9,923,925
Expenses			
Bank charges	1,500	549	1,552
Board development and expenses	7,000	6,620	2,220
Building occupancy	293,530	608,346	364,574
Capital assets acquisitions	-	328,823	513,498
Consultants	15,000	211,408	361,307
Contract services	357,414	633,801	610,690
Information technology	140,703	165,274	145,066
Insurance	35,000	54,092	47,676
Medical supplies	118,769	152,400	152,379
Meeting	8,000	13,562	8,739
Membership fees	26,000	43,417	34,599
Office expenses	86,058	88,685	80,547
Postage and courier	7,000	9,603	9,115
Printing and copier	12,000	14,207	14,181
Professional fees	29,304	71,825	35,979
Program supplies	63,472	206,074	205,427
Recruitment	11,000	13,975	26,437
Resources	8,000	12,458	16,907
Salaries and benefits	7,969,565	7,003,061	6,877,568
Staff development	32,000	103,925	26,082
Telephone	71,000	67,146	75,708
Travel	51,700	208,406	197,700
Utilities	107,000	116,587	105,723
Vehicle expense	8,000	16,388	10,251
	9,459,015	10,150,632	9,923,925
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres Schedule 2 - Schedule of Armstrong Clinic Revenue and Expenses

For the year ended March 31, 2023

	2023 <i>Budget</i> <i>(Unaudited)</i>	2023 <i>Actual</i> <i>(Unaudited)</i>	2022 <i>Actual</i> <i>(Unaudited)</i>
Revenue			
Ministry of Health			
Base funding	391,900	391,900	391,900
Non-recurring	-	2,982	3,800
Other income	2,000	180	-
Funding repayable to MOH	-	(13,460)	(23,000)
	393,900	381,602	372,700
Expenses			
Administration fee	23,500	23,500	23,500
Building occupancy	99,000	82,629	74,950
Information technology	2,000	2,113	5,000
Insurance	2,500	2,500	2,500
Medical supplies	9,600	9,855	10,000
Office expenses	4,500	4,866	8,301
Postage and courier	500	134	865
Professional fees	1,200	1,200	1,200
Program supplies	400	144	38
Salaries and benefits	223,000	225,982	220,000
Staff development	1,500	1,500	1,500
Travel	16,200	16,198	14,028
Utilities	10,000	10,981	10,818
	393,900	381,602	372,700
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres
Schedule 3 - Schedule of GAPPS Program Revenue and Expenses

For the year ended March 31, 2023

	2023 Budget (Unaudited)	2023 Actual (Unaudited)	2022 Actual (Unaudited)
Revenue			
St. Joseph's Care Group	47,191	45,033	43,937
Expenses			
Salaries and benefits	47,191	45,033	43,937
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres
Schedule 4 - Schedule of Diabetes Education Program Revenue and Expenses

For the year ended March 31, 2023

	2023 Budget (Unaudited)	2023 Actual (Unaudited)	2022 Actual (Unaudited)
Revenue			
Ministry of Health/OH NW			
Base funding	258,227	258,227	258,227
Funding repayable to MOH/OH NW	-	-	(43,348)
	258,227	258,227	214,879
Expenses			
Advertising	700	700	700
Office expenses	2,225	2,225	2,225
Professional fees	1,000	1,000	1,000
Program supplies	5,000	10,577	5,169
Salaries and benefits	240,302	240,302	203,901
Staff development	1,500	1,193	750
Telephone	500	500	500
Travel	7,000	1,730	634
	258,227	258,227	214,879
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres
Schedule 5 - Schedule of Diabetes Mobile Revenue and Expenses

For the year ended March 31, 2023

	2023 Budget (Unaudited)	2023 Actual (Unaudited)	2022 Actual (Unaudited)
Revenue			
Ministry of Health/OH NW			
Base funding	677,937	677,937	677,937
Expenses			
Contract services	6,000	6,000	6,000
Medical supplies	7,000	7,056	6,724
Office expenses	5,974	6,067	6,001
Program supplies	7,000	6,806	7,756
Salaries and benefits	622,963	622,962	635,292
Staff development	7,000	6,989	1,356
Travel	9,000	2,890	4,665
Vehicle expense	13,000	19,167	10,143
	677,937	677,937	677,937
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres
Schedule 6 - Schedule of Capital Fund Revenue and Expenses

For the year ended March 31, 2023

	2023 Actual (Unaudited)	2022 Actual (Unaudited)
Revenue		
Ministry of Health		
Non-recurring	78,786	460,696
Add: prior year deferred revenue	-	65,977
	78,786	526,673
Expenses		
Building occupancy	-	64,117
Capital assets acquisitions	78,786	462,556
	78,786	526,673
Excess of revenue over expenses	-	-

NorWest Community Health Centres
Schedule 7 - Schedule of RAAM Program Revenue and Expenses

For the year ended March 31, 2023

	2023 Budget (Unaudited)	2023 Actual (Unaudited)	2022 Actual (Unaudited)
Revenue			
St. Joseph's Care Group	493,643	476,723	404,945
Expenses			
Capital assets acquisitions	-	-	23,627
Consultants	-	3,370	-
Medical supplies	22,968	32,123	22,396
Meeting	1,000	381	448
Office expenses	1,500	2,787	492
Program supplies	4,000	10,918	21,427
Salaries and benefits	452,775	408,262	330,030
Staff development	2,000	4,782	1,518
Telephone	3,000	4,126	3,276
Travel	6,400	9,974	1,731
	493,643	476,723	404,945
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres

Schedule 8 - Schedule of Interprofessional Primary Care Team Revenue and Expenses

For the year ended March 31, 2023

	2023 <i>Budget</i> <i>(Unaudited)</i>	2023 <i>Actual</i> <i>(Unaudited)</i>	2022 <i>Actual</i> <i>(Unaudited)</i>
Revenue			
Ministry of Health /OH NW			
Base funding	888,376	888,376	888,376
Funding repayable to MOH	-	-	(69,478)
	888,376	888,376	818,898
Expenses			
Capital assets acquisitions	-	8,535	-
Information technology	11,988	10,000	13,000
Insurance	3,000	3,000	5,000
Medical supplies	35,000	29,000	30,541
Meeting	-	47	94
Office expenses	5,000	5,000	3,046
Professional fees	2,000	2,000	5,000
Program supplies	-	4,000	9,615
Salaries and benefits	809,388	809,683	739,899
Staff development	8,000	6,161	6,546
Telephone	5,000	5,000	3,000
Travel	9,000	5,950	3,157
	888,376	888,376	818,898
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres
Schedule 9 - Schedule of Midwifery Program Revenue and Expenses

For the year ended March 31, 2023

	2023 Budget (Unaudited)	2023 Actual (Unaudited)	2022 Actual (Unaudited)
Revenue			
Ministry of Health/OH NW			
Base funding	456,700	456,700	453,400
Funding repayable to MOH	-	(18,748)	(92,932)
	456,700	437,952	360,468
Expenses			
Contract services	-	-	3,000
Information technology	3,200	3,200	4,000
Insurance	66,900	71,124	51,011
Medical supplies	5,600	5,384	7,780
Meeting	-	-	25
Office expenses	950	950	950
Program supplies	8,300	8,300	6,335
Salaries and benefits	364,740	341,861	280,496
Staff development	2,550	2,497	2,000
Telephone	960	960	960
Travel	3,500	3,676	3,911
	456,700	437,952	360,468
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres
Schedule 10 - Schedule of Consumption and Treatment Services Revenue and Expenses

For the year ended March 31, 2023

	2023 Budget (Unaudited)	2023 Actual (Unaudited)	2022 Actual (Unaudited)
Revenue			
Ministry of Health/OH NW			
Base funding	938,691	938,691	938,691
Non-recurring	-	37,794	-
Funding repayable to MOH	-	(20,269)	(58,524)
	938,691	956,216	880,167
Expenses			
Building occupancy	96,000	94,093	100,000
Contract services	6,000	-	-
Capital assets acquisitions	-	-	47,760
Medical supplies	32,000	33,184	28,745
Meeting	-	-	50
Office expenses	600	994	1,087
Program supplies	6,000	50,128	12,000
Salaries and benefits	778,191	761,716	668,525
Staff development	11,500	11,500	11,500
Telephone	2,400	2,400	1,500
Travel	6,000	2,201	9,000
	938,691	956,216	880,167
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres
Schedule 11 - Schedule of Integrated Palliative Clinical Care Program Revenue and Expenses

For the year ended March 31, 2023

	2023 Budget (Unaudited)	2023 Actual (Unaudited)	2022 Actual (Unaudited)
Revenue			
Ministry of Health/OH NW			
Base funding	400,000	400,000	400,000
Funding repayable to MOH	-	(25,639)	(41,832)
	400,000	374,361	358,168
Expenses			
Advertising	-	2,541	1,806
Building occupancy	12,000	12,000	12,000
Contract services	28,800	43,336	21,652
Information technology	6,000	6,000	6,000
Meeting	-	425	125
Office expenses	1,200	2,011	2,133
Program supplies	5,483	3,279	12,598
Salaries and benefits	336,517	300,421	299,797
Staff development	4,000	3,034	262
Telephone	1,000	1,000	1,500
Travel	5,000	314	295
	400,000	374,361	358,168
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres
Schedule 12 - Schedule of Immunization Partnership Fund Program Revenue and Expenses

For the year ended March 31, 2023

	2023 Budget (Unaudited)	2023 Actual (Unaudited)	2022 Actual (Unaudited)
Revenue			
Public Health Agency of Canada	250,000	250,000	-
Other income	-	-	140,528
	250,000	250,000	140,528
Expenses			
Capital assets acquisitions	-	-	4,141
Consultants	6,000	6,000	9,000
Contract services	-	-	8,000
Information technology	-	-	2,609
Meeting	-	-	1,750
Office expenses	3,200	3,200	600
Program supplies	7,146	6,780	3,600
Salaries and benefits	225,954	225,955	106,978
Staff development	-	183	-
Telephone	2,700	2,700	1,350
Travel	5,000	5,182	2,500
	250,000	250,000	140,528
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres
Schedule 13 - Schedule of Thunder Bay Safe Supply Program Revenue and Expenses

For the year ended March 31, 2023

	2023 Budget (Unaudited)	2023 Actual (Unaudited)	2022 Actual (Unaudited)
Revenue			
Public Health Agency of Canada	922,859	492,859	-
Expenses			
Building and Occupancy	20,000	-	-
Capital assets acquisitions	-	17,460	-
Consultants	15,000	27,000	-
Contract services	22,000	-	-
Information technology	16,000	3,657	-
Medical supplies	17,000	20,160	-
Meeting	-	2,352	-
Office expenses	22,800	9,508	-
Postage and courier	1,200	1,200	-
Program supplies	6,000	14,204	-
Salaries and benefits	783,659	377,404	-
Staff development	-	578	-
Telephone	7,200	7,200	-
Travel	12,000	12,136	-
	922,859	492,859	-
Excess of revenue over expenses	-	-	-