

NorWest Community Health Centres
Financial Statements
March 31, 2025

NorWest Community Health Centres

Contents

For the year ended March 31, 2025

	<i>Page</i>
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations and Changes in Net Assets.....	2
Statement of Cash Flows.....	4
Notes to the Financial Statements	5
Schedules	
Schedule 1 - Schedule of General Fund Revenue and Expenses.....	14
Schedule 2 - Schedule of Armstrong Clinic Revenue and Expenses.....	15
Schedule 3 - Schedule of Diabetes Education Program Revenue and Expenses.....	16
Schedule 4 - Schedule of Diabetes Mobile Revenue and Expenses.....	17
Schedule 5 - Schedule of Interprofessional Primary Care Team Revenue and Expenses.....	18
Schedule 6 - Schedule of Under 5 Program Revenues and Expenses.....	19
Schedule 7 - Schedule of Midwifery Program Revenue and Expenses.....	20
Schedule 8 - Schedule of Integrated Palliative Clinical Care Program Revenue and Expenses.....	21
Schedule 9 - Schedule of RAAM Program Revenue and Expenses.....	22
Schedule 10 - Schedule of Consumption and Treatment Services Revenue and Expenses.....	23
Schedule 11 - Schedule of Thunder Bay Safer Supply Program Revenue and Expenses.....	24

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, 2025, 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, 2025, 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 17, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

NorWest Community Health Centres
Statement of Financial Position
As at March 31, 2025

	2025	2024
Assets		
Current		
Cash (Note 3)	5,707,025	2,865,648
Accounts receivable (Note 4)	1,814,706	1,696,514
Government remittances receivable	420,386	383,557
Prepaid expenses	200,380	218,322
	8,142,517	5,164,041
Capital assets (Note 5)	10,076,744	10,147,639
	18,219,261	15,311,680
Liabilities		
Current		
Accounts payable and accruals	2,366,795	2,365,614
Accrued wages payable	743,422	244,225
Deferred revenue (Note 7)	388,393	108,218
Due to funding agencies (Note 8)	4,533,018	2,335,389
	8,031,628	5,053,446
Deferred capital contributions (Note 9)	8,860,735	8,931,630
	16,892,363	13,985,076
Contingencies (Note 10)		
Net Assets		
Invested in capital assets	1,216,009	1,216,009
Unrestricted	110,889	110,595
	1,326,898	1,326,604
	18,219,261	15,311,680

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, 2025

	<i>Restricted Fund</i>	<i>Unrestricted Fund</i>	<i>Invested in Capital Assets</i>	2025	2024
Revenue					
Ministry of Health					
Base funding	15,465,137	-	-	15,465,137	13,913,781
Non-recurring	2,616,191	-	-	2,616,191	667,953
Public Health Agency of Canada	616,298	-	-	616,298	825,421
St. Joseph's Care Group	738,168	-	-	738,168	694,752
Interest income	166,060	-	-	166,060	160,637
Other income	1,056,590	294	-	1,056,884	1,639,113
Funding repayable to MOH <i>(Note 11)</i>	(2,275,621)	-	-	(2,275,621)	(718,624)
Third party billings	14,189	-	-	14,189	14,327
Amortization of deferred capital contributions <i>(Note 9)</i>	623,618	-	-	623,618	586,478
Less: deferred capital contributions <i>(Note 9)</i>	(552,723)	-	-	(552,723)	(442,729)
Less: current year deferred revenue <i>(Note 7)</i>	(388,393)	-	-	(388,393)	(108,218)
Add: prior year deferred revenue <i>(Note 7)</i>	108,218	-	-	108,218	152,629
	18,187,732	294	-	18,188,026	17,385,520

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, 2025

	<i>Restricted Fund</i>	<i>Unrestricted Fund</i>	<i>Invested in Capital Assets</i>	2025	2024
Expenses					
Administration fee	23,500	-	-	23,500	23,500
Advertising	-	-	-	-	9,287
Bank charges	443	-	-	443	413
Board development and expenses	6,689	-	-	6,689	6,253
Building occupancy	1,029,816	-	-	1,029,816	1,011,646
Consultants	266,924	-	-	266,924	272,939
Contract services	787,549	-	-	787,549	823,258
Information technology	328,999	-	-	328,999	176,703
Insurance (Note 15)	92,601	-	-	92,601	138,436
Medical supplies (Note 15)	215,540	-	-	215,540	285,803
Meeting	224,678	-	-	224,678	83,839
Membership fees	32,994	-	-	32,994	42,588
Office expenses (Note 15)	586,018	-	-	586,018	596,110
Postage and courier	9,327	-	-	9,327	11,652
Printing and copier	13,748	-	-	13,748	13,545
Professional fees (Note 15)	103,947	-	-	103,947	52,953
Program supplies	469,597	-	-	469,597	532,974
Recruitment	18,699	-	-	18,699	24,005
Resources	6,055	-	-	6,055	14,432
Salaries and benefits (Note 15)	12,489,823	-	-	12,489,823	11,987,653
Staff development	118,642	-	-	118,642	77,693
Telephone	103,093	-	-	103,093	98,764
Travel	481,880	-	-	481,880	339,649
Utilities	136,395	-	-	136,395	151,466
Vehicle expense	17,157	-	-	17,157	21,051
Amortization of capital assets	17,564,114	-	-	17,564,114	16,796,612
	623,618	-	-	623,618	586,478
Total expenses	18,187,732	-	-	18,187,732	17,383,090
Excess of revenue over expenses	-	294	-	294	2,430
Net assets, beginning of year	-	110,595	1,216,009	1,326,604	1,324,174
Net assets, end of year	-	110,889	1,216,009	1,326,898	1,326,604

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, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	294	2,430
Amortization	623,618	586,478
Deferred capital contributions (net)	(70,895)	(143,747)
	553,017	445,161
Changes in working capital accounts		
Accounts receivable	(118,192)	(641,205)
Government remittances receivable	(36,839)	(96,706)
Prepaid expenses and deposits	17,932	(92,787)
Accounts payable and accruals	1,181	628,939
Accrued wages payable	499,197	1,409
Due to funding agencies	2,197,629	(37,664)
Deferred revenue	280,175	(44,411)
	3,394,100	162,736
Investing		
Purchase of capital assets	(552,723)	(442,729)
Increase (decrease) in cash resources	2,841,377	(279,993)
Cash resources, beginning of year	2,865,648	3,145,641
Cash resources, end of year	5,707,025	2,865,648

The accompanying notes are an integral part of these financial statements

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:

Professional fees, administrative salaries, insurance, office expenses and supplies	Based on eligible expenditures outlined in funder approved program budgets
--	--

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 become 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, 2025

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

	2025	2024
Petty cash - General	1,100	700
Petty cash - Armstrong	-	100
Petty cash - Longlac	-	300
General chequing account - Thunder Bay	5,702,144	2,593,418
Chequing account - Longlac site - special fund	3,781	3,418
General chequing account - Capital	-	267,712
	5,707,025	2,865,648

4. Accounts receivable

	2025	2024
Trade receivables	486,664	1,192,717
Due from MOH/OH	1,328,042	503,797
	1,814,706	1,696,514

NorWest Community Health Centres

Notes to the Financial Statements

For the year ended March 31, 2025

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2025 Net book value</i>
Land	1,216,009	-	1,216,009
Buildings	12,047,995	5,675,824	6,372,171
Computer equipment	730,525	592,587	137,938
Furniture and equipment	3,990,517	1,639,891	2,350,626
	17,985,046	7,908,302	10,076,744

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2024 Net book value</i>
Land	1,216,009	-	1,216,009
Buildings	12,047,995	5,228,656	6,819,339
Computer equipment	661,180	533,871	127,309
Furniture and equipment	3,605,635	1,620,653	1,984,982
	17,530,819	7,383,180	10,147,639

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 (4.95% at year-end; 2024 - 7.20%), secured by a general security agreement covering all assets and undertakings. The balance outstanding at year-end is \$Nil (2024 - \$Nil).

7. Deferred revenue

During the year the Centres 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>2025</i>	<i>2024</i>
Gender Journeys Camp - fundraising	4,518	5,000	-	9,518	4,518
Kinna-aweya Legal Clinic	13,700	-	-	13,700	13,700
Ontario Health Education Grant	-	1,500	-	1,500	-
Health Care Excellence	-	22,000	-	22,000	-
Indigenous Friendship Society	90,000	-	(90,000)	-	90,000
Government of Canada Grant	-	15,624	-	15,624	-
HEC - Palliative Care	-	338	-	338	-
Ministry of Health - Hart Hub	-	325,713	-	325,713	-
	108,218	370,175	(90,000)	388,393	108,218

NorWest Community Health Centres

Notes to the Financial Statements

For the year ended March 31, 2025

8. Due to funding agencies

	2025	2024
Consumption and Treatment Services - 2023/2024	-	64,532
Consumption and Treatment Services - 2024/2025	245,257	-
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	213,733
General Fund - 2023/2024	359,994	359,994
General Fund - 2024/2025	1,082,795	-
Diabetes Education Program - 2021/2022	43,348	43,348
Diabetes Education Program - 2023/2024	39,259	39,259
Diabetes Education Program - 2024/2025	54,347	-
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	25,639	25,639
Integrated Palliative Clinical Care Program - 2024/2025	58,535	-
Interprofessional Primary Care Team - 2019/2020	60,465	60,465
Interprofessional Primary Care Team - 2021/2022	69,478	69,478
Interprofessional Primary Care Team - 2024/2025	342,432	-
Midwifery Program - 2019/2020	40,704	40,704
Midwifery Program - 2021/2022	92,932	92,932
Midwifery Program - 2022/2023	18,748	18,748
Midwifery Program - 2023/2024	254,839	254,839
Midwifery Program - 2024/2025	247,967	-
Armstrong Clinic - 2022/2023	-	13,460
Under 5 Program - 2024/2025	244,288	-
	4,533,018	2,335,389

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:

	2025	2024
Balance, beginning of year	8,931,630	9,075,379
Amount received during the year	552,723	442,729
Less: amounts recognized as revenue during the year	(623,618)	(586,478)
	8,860,735	8,931,630

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.

As at the report date, the Centres were still in contract negotiations with OPSEU in order to reach a new collective bargaining agreement. An estimate for the potential increase in wages has been accrued in these financial statements, which would be retroactive to June 29, 2024, the expiry date of the previous agreement. The accrued amount has not been disclosed in these financial statements as to not impact ongoing negotiations. It is reasonably possible that this amount could change by a material amount in the near term.

NorWest Community Health Centres

Notes to the Financial Statements

For the year ended March 31, 2025

11. Due to the Ministry of Health and Ontario Health

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

	2025	2024
Approved funding for the year	18,081,328	14,581,734
Deduct "Capital expenditure funding"	<u>(552,723)</u>	<u>(442,729)</u>
Total MOH program funding for operations	17,528,605	14,139,005
Deduct: expenses eligible for MOH	<u>17,564,113</u>	<u>16,796,612</u>
Deficiency of funding over expenses for the year	(35,508)	(2,657,607)
Add: third party billings, interest, and property tax rebates refundable to MOH	<u>2,311,129</u>	<u>3,376,231</u>
	<u>2,275,621</u>	<u>718,624</u>
Amount refundable to MOH for the year		
- Armstrong Clinic	-	-
- General Fund	1,082,795	359,994
- Diabetes Education	54,347	39,259
- Interprofessional Primary Care Team	342,432	-
- Midwifery	247,967	254,839
- Consumption and Treatment Services	245,257	64,532
- Integrated Palliative Clinical Care	58,535	-
- Under 5 Program	<u>244,288</u>	<u>-</u>
	<u>2,275,621</u>	<u>718,624</u>

12. Change in invested in capital assets

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

	2025	2024
Purchase of capital assets	552,723	442,729
Amortization expense	(623,618)	(586,478)
Deferred capital contributions	(552,723)	(442,729)
Amortization of deferred capital contributions	<u>623,618</u>	<u>586,478</u>

13. Commitments

The Centres have entered into various lease agreements for office equipment and leased space which have expiry dates ranging from January 2026 through July 2027. The estimated minimum annual payments are as follows:

2026	70,030
2027	59,012
2028	8,663
	<u>137,705</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, 2025

15. Allocated administration

Professional fees, salaries, insurance, office expenses and supplies of \$854,992 (2024 - \$702,035) have been allocated as follows:

	2025	2024
Armstrong Clinic	(32,534)	(25,945)
Diabetes Education Program	38,777	34,077
Diabetes Mobile	36,062	7,094
RAAM	8,142	70,512
Midwifery	139,287	65,528
Interprofessional Primary Care Team	221,326	208,185
Consumption and Treatment Services	116,464	113,586
Integrated Palliative Clinical Care Program	157,572	108,672
Under 5 Program	128,896	-
Thunder Bay Safer Supply Program	41,000	120,326
	854,992	702,035

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, 2025.

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, 2025.

17. Public Sector Salary Disclosure Act, 1996

During the calendar year of 2024, seventeen 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, 2024, indicates the Plan is 111% funded and the Plan's Board of Trustees have set 2024 contribution rates at the 2024 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 \$821,455 (2024 - \$837,929) 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.

21. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

NorWest Community Health Centres

Schedule 1 - Schedule of General Fund Revenue and Expenses

For the year ended March 31, 2025

	2025 Budget (Unaudited)	2025 Actual (Unaudited)	2024 Actual (Unaudited)
Revenue			
Ministry of Health/OH			
Base funding	9,358,670	10,420,947	9,593,315
Non-recurring	549,877	2,008,538	667,953
Interest income	6,000	166,060	160,637
Third party billings	17,000	14,189	14,327
St. Joseph's Care Group	399,733	280,492	259,188
Other income	205,250	984,553	1,581,607
Funding repayable to MOH	-	(1,082,795)	(359,994)
Less: current year deferred revenue	-	(366,055)	(108,218)
Add: prior year deferred revenue	-	108,218	152,629
	10,536,530	12,534,147	11,961,444
Expenses			
Bank charges	1,500	443	413
Board development and expenses	7,000	6,689	6,253
Building occupancy	360,435	752,513	792,890
Capital assets acquisitions	-	515,008	405,101
Consultants	32,633	266,924	272,939
Contract services	463,221	778,645	797,475
Information technology	138,703	285,795	151,605
Insurance	45,000	63,991	59,332
Medical supplies	118,769	93,348	169,841
Meeting	28,000	218,863	79,324
Membership fees	32,000	32,994	42,588
Office expenses	70,848	560,647	574,214
Postage and courier	7,000	8,063	10,452
Printing and copier	12,000	13,748	13,545
Professional fees	29,304	99,747	48,752
Program supplies	80,672	364,509	453,701
Recruitment	11,000	18,699	24,005
Resources	8,500	6,055	14,432
Salaries and benefits	8,645,667	7,773,828	7,503,239
Staff development	35,305	78,299	49,534
Telephone	71,200	78,633	79,304
Travel	223,773	384,115	258,167
Utilities	107,000	123,242	139,678
Vehicle expense	7,000	9,349	14,660
	10,536,530	12,534,147	11,961,444
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres

Schedule 2 - Schedule of Armstrong Clinic Revenue and Expenses

For the year ended March 31, 2025

	2025 Budget (Unaudited)	2025 Actual (Unaudited)	2024 Actual (Unaudited)
Revenue			
Ministry of Health			
Base funding	391,900	391,900	391,900
Other income	2,000	36	76
	393,900	391,936	391,976
Expenses			
Administration fee	23,500	23,500	23,500
Building occupancy	99,000	100,285	107,324
Capital assets acquisitions	-	5,549	-
Information technology	2,000	2,000	909
Insurance	2,500	2,500	2,500
Medical supplies	9,600	8,120	7,729
Office expenses	4,500	2,545	1,693
Postage and courier	500	64	-
Professional fees	1,200	1,200	1,200
Program supplies	400	-	201
Salaries and benefits	223,000	214,361	222,999
Staff development	1,500	1,500	-
Travel	16,200	17,159	12,133
Utilities	10,000	13,153	11,788
	393,900	391,936	391,976
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres

Schedule 3 - Schedule of Diabetes Education Program Revenue and Expenses

For the year ended March 31, 2025

	2025 Budget (Unaudited)	2025 Actual (Unaudited)	2024 Actual (Unaudited)
Revenue			
Ministry of Health/OH			
Base funding	258,227	258,227	258,227
Funding repayable to MOH/OH	-	(54,347)	(39,259)
	258,227	203,880	218,968
Expenses			
Advertising	700	-	700
Office expenses	2,225	2,225	2,225
Professional fees	1,000	1,000	1,000
Program supplies	5,000	16,528	8,635
Salaries and benefits	240,302	177,619	199,316
Staff development	1,500	3,000	2,730
Telephone	500	500	500
Travel	7,000	3,008	3,862
	258,227	203,880	218,968
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres

Schedule 4 - Schedule of Diabetes Mobile Revenue and Expenses

For the year ended March 31, 2025

	2025 Budget (Unaudited)	2025 Actual (Unaudited)	2024 Actual (Unaudited)
Revenue			
Ministry of Health/OH			
Base funding	677,937	677,937	677,937
Expenses			
Building occupancy	-	8,543	-
Capital assets acquisitions	-	-	8,501
Building occupancy	8,543	-	-
Contract services	6,000	6,000	6,000
Medical supplies	6,000	6,777	6,166
Office expenses	4,000	3,988	2,704
Program supplies	4,000	4,034	148
Salaries and benefits	628,894	635,430	644,738
Staff development	4,500	4,500	433
Travel	3,000	857	2,855
Vehicle expense	13,000	7,808	6,392
	677,937	677,937	677,937
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres

Schedule 5 - Schedule of Interprofessional Primary Care Team Revenue and Expenses

For the year ended March 31, 2025

	2025 Budget (Unaudited)	2025 Actual (Unaudited)	2024 Actual (Unaudited)
Revenue			
Ministry of Health /OH			
Base funding	888,376	888,376	888,376
Non-recurring	600,000	600,000	-
Funding repayable to MOH	-	(342,432)	-
	1,488,376	1,145,944	888,376
Expenses			
Capital assets acquisitions	-	18,310	-
Information technology	11,988	10,816	9,988
Insurance	3,000	3,000	3,000
Medical supplies	35,000	35,000	35,866
Meeting	-	112	-
Office expenses	5,000	5,000	5,000
Professional fees	2,000	2,000	2,000
Program supplies	-	610	606
Salaries and benefits	1,409,388	1,049,460	814,070
Staff development	8,000	8,904	8,054
Telephone	5,000	5,000	5,000
Travel	9,000	7,732	4,792
	1,488,376	1,145,944	888,376
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres

Schedule 6 - Schedule of Under 5 Program Revenues and Expenses

For the year ended March 31, 2025

	2025 Budget (Unaudited)	2025 Actual (Unaudited)	2024 Actual (Unaudited)
Revenue			
Ministry of Health/OH			
Base funding	536,724	536,724	-
Funding repayable to MOH	-	(244,288)	-
	536,724	292,436	-
Expenses			
Building occupancy	12,000	12,000	-
Capital assets acquisitions	-	6,545	-
Information technology	6,000	6,001	-
Medical supplies	15,474	12,679	-
Office expenses	2,400	2,400	-
Program supplies	14,000	10,951	-
Salaries and benefits	471,250	227,182	-
Staff development	6,000	6,000	-
Telephone	3,600	3,600	-
Travel	6,000	5,078	-
	536,724	292,436	-
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres
Schedule 7 - Schedule of Midwifery Program Revenue and Expenses
For the year ended March 31, 2025

	2025 Budget (Unaudited)	2025 Actual (Unaudited)	2024 Actual (Unaudited)
Revenue			
Ministry of Health/OH			
Base funding	905,400	905,400	718,400
Non-recurring	-	7,653	-
Funding repayable to MOH	-	(247,967)	(254,839)
	905,400	665,086	463,561
Expenses			
Building occupancy	24,000	24,000	-
Capital assets acquisitions	-	7,311	22,252
Information technology	12,000	13,387	3,200
Insurance	23,111	23,111	73,604
Medical supplies	14,400	14,811	9,437
Office expenses	1,200	1,154	1,200
Program supplies	17,700	9,293	11,782
Salaries and benefits	795,864	555,549	332,400
Staff development	4,125	3,895	2,955
Telephone	3,000	2,960	960
Travel	10,000	9,615	5,771
	905,400	665,086	463,561
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres
Schedule 8 - Schedule of Integrated Palliative Clinical Care Program Revenue and Expenses

For the year ended March 31, 2025

	2025 Budget (Unaudited)	2025 Actual (Unaudited)	2024 Actual (Unaudited)
Revenue			
Ministry of Health/OH			
Base funding	400,000	400,000	400,000
Other income	50,000	72,000	55,000
Funding repayable to MOH	-	(58,535)	-
	450,000	413,465	455,000
Less: current year deferred revenue	-	(22,338)	-
	450,000	391,127	455,000
Expenses			
Advertising	-	-	8,587
Building occupancy	12,000	12,000	12,000
Contract services	38,800	2,904	11,383
Information technology	6,000	6,000	6,000
Meeting	-	1,804	621
Office expenses	1,200	1,166	1,205
Program supplies	8,183	5,492	10,217
Salaries and benefits	372,517	350,600	389,377
Staff development	4,000	3,848	3,635
Telephone	1,000	1,000	1,000
Travel	6,300	6,313	10,975
	450,000	391,127	455,000
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres

Schedule 9 - Schedule of RAAM Program Revenue and Expenses

For the year ended March 31, 2025

	2025 Budget (Unaudited)	2025 Actual (Unaudited)	2024 Actual (Unaudited)
Revenue			
St. Joseph's Care Group	493,643	457,676	435,564
Expenses			
Capital assets acquisitions	-	-	6,875
Medical supplies	22,968	15,966	15,624
Meeting	1,000	1,000	24
Office expenses	1,500	1,492	1,386
Program supplies	4,000	10,453	4,227
Salaries and benefits	452,775	416,466	393,490
Staff development	2,000	2,047	3,611
Telephone	3,000	3,000	3,600
Travel	6,400	7,252	6,727
	493,643	457,676	435,564
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, 2025

	2025 Budget (Unaudited)	2025 Actual (Unaudited)	2024 Actual (Unaudited)
Revenue			
Ministry of Health/OH			
Base funding	985,626	985,626	985,626
Funding repayable to MOH	-	(245,257)	(64,532)
	985,626	740,369	921,094
Expenses			
Building occupancy	142,935	120,475	99,432
Medical supplies	38,000	24,006	29,434
Meeting	-	-	133
Office expenses	600	600	2,474
Program supplies	6,000	12,920	14,264
Salaries and benefits	784,191	575,683	761,792
Staff development	5,500	2,157	5,727
Telephone	2,400	2,400	2,400
Travel	6,000	2,128	5,438
	985,626	740,369	921,094
Excess of revenue over expenses	-	-	-

NorWest Community Health Centres

Schedule 11 - Schedule of Thunder Bay Safer Supply Program Revenue and Expenses

For the year ended March 31, 2025

	2025 Budget (Unaudited)	2025 Actual (Unaudited)	2024 Actual (Unaudited)
Revenue			
Public Health Agency of Canada	1,099,391	616,298	825,421
Expenses			
Contract services	20,000	-	8,400
Information technology	5,000	5,000	5,001
Medical supplies	50,000	4,832	11,706
Meeting	6,000	2,899	3,736
Office expenses	4,800	4,800	4,009
Postage and courier	1,200	1,200	1,200
Program supplies	36,839	34,807	29,194
Salaries and benefits	928,552	513,645	726,231
Staff development	6,000	4,492	1,014
Telephone	6,000	6,000	6,000
Travel	35,000	38,623	28,930
	1,099,391	616,298	825,421
Excess of revenue over expenses	-	-	-