

**Somerset West Community
Health Centre
Financial Statements
March 31, 2011**

Independent Auditor's Report	2 - 3
Financial Statements	
Financial Position	4
Operations	5
Changes in Fund Balances	6
Cash Flows	7
Notes to Financial Statements	8 - 14
Supplementary Information Schedules	15



Raymond Chabot Grant Thornton

Independent Auditor's Report

To the Members of
Somerset West Community Health Centre

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We have audited the accompanying financial statements of Somerset West Community Health Centre, which comprise the financial position as at March 31, 2011 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Somerset West Community Health Centre as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with with the basis of accounting described in Note 2 to these financial statements. As required by the Corporations Act of Ontario, we report that, in our opinion, these principles have been applied, on a basis consistent with that of the preceding year.

These financial statements, which have not been, and were not intended to be prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of and use by the Members and Directors of the Centre and the Ministry of Health and Long-Term Care. These financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Raymond Chabot Grant Thornton LLP

Chartered Accountants,
Licensed Public Accountants

Ottawa, Canada
May 25, 2011

Somerset West Community Health Centre

Financial Position

March 31, 2011

	2011			2010
	Operating Fund	Special Projects Fund	Building Fund	Total
	\$	\$	\$	\$
ASSETS				
Current assets				
Cash	(72,135)	1,119,268	1,047,133	872,148
Short-term investment (Note 4)		61,839	61,839	60,047
Amounts receivable	133,468		133,468	124,749
Prepaid expenses	1,000		1,000	1,610
Interfund receivable (payable)	836,210	(836,210)		
	898,543	344,897		1,058,554
Capital assets (Note 5)			3,533,222	3,616,193
	898,543	344,897	3,533,222	4,776,662
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	351,696		351,696	210,726
Deferred grants and contributions (Note 6)	310,319		310,319	342,484
	662,015		662,015	553,210
FUNDS HELD IN TRUST (Note 7)	108,434		108,434	108,530
	770,449		770,449	661,740
FUND BALANCES				
Unrestricted	128,094	83,339	211,433	171,619
Internally restricted		261,558	261,558	225,195
Invested in capital assets			3,533,222	3,616,193
	128,094	344,897	3,533,222	4,013,007
	898,543	344,897	3,533,222	4,776,662

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

On behalf of the Board,

Director

Director

Somerset West Community Health Centre Operations

Year ended March 31, 2011

	2011			2010
	Operating Fund	Special Projects Fund (Schedule A)	Building Fund	Total
	\$	\$	\$	\$
Revenue				
Grants and contributions (Note 8)	8,657,558		8,657,558	8,054,686
Donations and sponsorships	35,403		35,403	55,953
Investment		8,027	8,027	5,602
Other program funding	162,835		162,835	143,746
	8,855,796	8,027	8,863,823	8,259,987
Expenses				
Salaries and benefits	6,794,812		6,794,812	6,657,145
Medical/surgical supplies and drugs	26,866		26,866	23,958
Supplies and sundry expenses	849,587		849,587	520,832
Community one time expenses	206,838		206,838	138,556
Equipment expenses	97,940		97,940	116,873
Contracted out expenses	605,877		605,877	605,394
Building and grounds expenses	192,617		192,617	131,208
Building amortization			82,971	82,871
Special projects		13,109	13,109	8,950
	8,774,537	13,109	82,971	8,870,617
Excess (deficiency) of revenue over expenses	81,259	(5,082)	(82,971)	(6,794)
	81,259	(5,082)	(82,971)	(6,794)

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

Somerset West Community Health Centre Changes in Fund Balances

Year ended March 31, 2011

				<u>2011</u>	<u>2010</u>
	<u>Operating</u>	<u>Special</u>	<u>Building</u>		
	<u>Fund</u>	<u>Projects</u>	<u>Fund</u>	<u>Total</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance, beginning of year	112,130	284,684	3,616,193	4,013,007	4,038,807
Excess (deficiency) of revenue over expenses	81,259	(5,082)	(82,971)	(6,794)	(25,800)
Interfund transfers (Note 10, Schedule A)	(65,295)	65,295			
Balance, end of year	<u>128,094</u>	<u>344,897</u>	<u>3,533,222</u>	<u>4,006,213</u>	<u>4,013,007</u>

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

Somerset West Community Health Centre Cash Flows

Year ended March 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	(6,794)	(25,800)
Non-cash items		
Amortization of property, plant and equipment	82,971	82,871
Changes in working capital items		
Amounts receivable	(8,719)	26,729
Prepaid expenses	610	5,850
Accounts payable and accrued liabilities	140,970	(168,140)
Deferred grants and contributions	(32,165)	38,051
Funds held in trust	(96)	27,870
Net cash generated (used)	<u>176,777</u>	<u>(12,569)</u>
FINANCING AND INVESTING ACTIVITIES		
Purchase of investments and net cash used	<u>(1,792)</u>	<u>(2,321)</u>
Increase (decrease) in cash	174,985	(14,890)
Cash, beginning of year	<u>872,148</u>	<u>887,038</u>
Cash, end of year	<u>1,047,133</u>	<u>872,148</u>

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

Somerset West Community Health Centre

Notes to Financial Statements

March 31, 2011

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

Somerset West Community Health Centre (the Centre) is incorporated under the Corporations Act of Ontario as a not-for-profit entity without share capital, and pursuant to the provisions of the Income Tax Act (Canada), is a registered charity. The primary purpose of the Centre is to provide assistance to the residents of West-Central Ottawa in their achieving of optimal health and social well-being, and to so do by way of comprehensive community-based programs, in the context of building healthy families and communities.

2 - DEPARTURE FROM ACCOUNTING PRINCIPLES

These financial statements have been prepared in accordance with certain significant accounting policies set out below, to comply with Community Health Centre reporting requirements of the Ministry of Health and Long-Term Care (MOHLTC) of Ontario. As per below, the basis of accounting used in these financial statements differs materially from Canadian generally accepted accounting principles.

Capital assets and related amortization

Capital assets other than land and building are expensed in the Operating Fund in their year of purchase. During the year, \$206,898 (\$239,956 in 2010) of capital assets were charged to operations.

Accrued vacation pay and overtime

Vacation and overtime entitlements earned but not taken by employees, are not reflected in these financial statements. Unrecorded vacation and overtime liabilities as at March 31, 2011 approximate \$176,000 (\$195,000 in 2010).

3 - ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value.

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates, including amortization of capital assets are based on management's best knowledge of current events and actions that the Centre may undertake in the future. Actual results may differ from these estimates.

Fund accounting

The Centre's activities are reflected in the following funds:

Operating Fund

Assets, liabilities, revenue and expenses relating to Centre's day-to-day operations are recorded in the Operating Fund.

Somerset West Community Health Centre

Notes to Financial Statements

March 31, 2011

3 - ACCOUNTING POLICIES (Continued)

Special Projects Fund

Revenue and expenses relating to special projects as defined by the Board of Directors, are recorded in the Special Projects Fund.

Building Fund

Expenses relating to the land and building from which the Centre operates are recorded in the Building Fund.

Financial assets and liabilities

The Centre has chosen to apply the recommendations of Section 3861, "Financial Instruments – Disclosure and Presentation", of the *CICA Handbook* in respect to the presentation and disclosure of financial instruments. No information on fair value is presented if cost approximates fair value.

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value.

Subsequently, financial assets and liabilities are measured and recognized as follows.

Held-for-trading financial assets and liabilities

Cash is classified as a held-for-trading financial asset. It is measured at fair value.

Available-for-sale financial assets

Short-term and long-term investments are classified as available-for-sale financial assets and are measured at fair value. When investments are sold or sustain a decline in value that is other than temporary, the related accumulated gains or losses, which are presented in the statement of changes in fund balances, are then reclassified in the statement of operations.

Loans and receivables and other financial liabilities

Amounts receivable are classified as loans and receivables and are measured at amortized cost, which is generally the initially recognized amount, less any allowance for doubtful accounts. Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost using the effective interest method.

Revenue recognition

The Centre follows the deferral method of accounting for contributions. The Centre is funded, primarily by the Province of Ontario, in accordance with budget arrangements established by the Ministry of Health and Long-Term Care. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Somerset West Community Health Centre

Notes to Financial Statements

March 31, 2011

3 - ACCOUNTING POLICIES (Continued)

Other unrestricted contributions, donations and sponsorships are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as it is earned.

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year to the Centre. Due to the difficulty in determining fair value, contributed services are not recognized in these financial statements.

Capital assets

Land and building are recorded at cost. The building is amortized using the straight-line method, over its estimated useful life of 40 years.

4 - INVESTMENT

The investment consists of a guaranteed certificate bearing interest at 1.50% (4.00% in 2010), maturing in 2012.

5 - CAPITAL ASSETS

	2011		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Land	1,737,493		1,737,493
Building	3,314,852	1,519,123	1,795,729
	<u>5,052,345</u>	<u>1,519,123</u>	<u>3,533,222</u>
	2010		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Land	1,737,493		1,737,493
Building	3,314,852	1,436,152	1,878,700
	<u>5,052,345</u>	<u>1,436,152</u>	<u>3,616,193</u>

Somerset West Community Health Centre

Notes to Financial Statements

March 31, 2011

6 - DEFERRED GRANTS AND CONTRIBUTIONS

Deferred grants and contributions represent unexpended restricted resources received in the current year, related to operating expenses of a subsequent period or to non-executed services.

	<u>2011</u>	<u>2010</u>
	\$	\$
Yet Keen Seniors' Day Centre	72,763	111,373
Integration Initiative	1,676	4,954
RH Reach High	1,140	5,609
RBC Foundation - After School Program		6,756
City of Ottawa - Rochester Heights Community House	4,595	7,644
AIDS Projects		22,117
City of Ottawa - Nanny Goat Hill Nursery School	14,635	14,929
St. Anthony's Homework Club		5,177
Rideauwood		4,394
Smoking Cessation	435	435
Asthma Greenshield	40,901	35,266
United Way - Rogers Homework Club		5,506
Canadian Mental Health Association		3,000
Kids Korner and Laroche Park	22,428	13,861
United Way - My Memories	7,438	5,579
Place to Be	1,951	7,169
United Way - Step it Up		249
Summer Programs	9,572	20,999
Health Communities		8,702
Community Foundation	10,459	12,429
City of Ottawa - Core		16,298
United Way - Forward Avenue	4,107	5,795
United Way - Shelter Kitchen	12,721	8,458
Rogers Homework Club		6,120
St. Francis D'assise After School	1,668	1,628
RH - Community House Community Foundation	5,636	8,037
Vanier CRC	5,715	
RH Community House - Debra Dynes	5,232	
RH Community Foundation	2,617	
RH May Court Club	1,868	
ICAD	5,049	
Forward Avenue C&Y - Community Foudation	4,408	
Kids Korner and Laroche Park - Mothercraft	4,012	
Queensway Preschool	69,293	
	<u>310,319</u>	<u>342,484</u>

Somerset West Community Health Centre

Notes to Financial Statements

March 31, 2011

7 - FUNDS HELD IN TRUST

The Centre administers funds on behalf of the Canadian Alliance of Community Health Centre Associations, the Marion Dewar Scholarship Fund, and Accessible Chances for Everyone to Stop Smoking (ACCESS Committee). The balances held at March 31, 2011 were \$94,935 (\$88,587 in 2010), \$Nil (\$5,014 in 2010), and \$13,499 (\$14,929 in 2010), respectively.

8 - GRANTS AND CONTRIBUTIONS

	<u>2011</u>	<u>2010</u>
	\$	\$
<i>Government of Canada</i>		
Human Resources and Social Development Canada	-----	-----1,355
<i>Government of Ontario</i>		
Ministry of Health and Long-Term Care (Schedule B)	6,593,499	6,211,282
Ministry of Community and Social Services	59,608	62,705
Ministry of Health Promotions	30,326	64,960
	<u>6,683,433</u>	<u>6,338,947</u>
<i>City of Ottawa</i>		
Community Fund	489,032	471,442
Nanny Goat Hill Nursery School	326,110	306,896
Queensway Preschool*	286,467	
Crime Prevention	5,000	20,000
Yet Keen Seniors' Day Centre	56,935	26,872
Rochester Heights Community House	88,111	84,138
	<u>1,251,655</u>	<u>909,348</u>
<i>Other Sources</i>		
Canadian Mental Health Association	153,324	147,317
Other Community Health Centres	77,056	98,792
United Way	207,011	210,191
RBC Foundation		20,000
Trillium Foundation		75,000
Other	285,079	253,736
	<u>722,470</u>	<u>805,036</u>
	<u>8,657,558</u>	<u>8,054,686</u>

*During the year the Centre finalized a donation and transfer agreement to assume the assets and to continue the operations of Queensway Preschool, a registered charity. The transaction included receipt of approximately \$100,000 of cash and the assumption of various property, rights, assets, and undertakings. The Centre is to continue to operate the Preschool on a predictable basis. In the current year the Centre received funding from the City of Ottawa amounting to \$186,467.

Somerset West Community Health Centre

Notes to Financial Statements

March 31, 2011

9 - EMPLOYEE BENEFIT PLANS

The Centre is an employer member of the Hospitals of Ontario Pension Plan, which is a multi-employer, defined pension plan. However, as insufficient information is available to apply defined benefit plan accounting principles, the Centre has adopted defined contribution plan accounting principles. The Centre records as pension expense its cash contributions to the Plan. Pension costs charged to the Operating Fund during the year amounted to \$480,002 (\$443,767 in 2010).

10 - INTERFUND TRANSFERS

In accordance with Board policy, periodic transfers for special projects are made between the Special Projects Fund and the Operating Fund. To maintain the value of capital against the rate of inflation, annual transfers are made from the Operating Fund to the capital portion of the Special Projects Fund. In addition, surplus if any, in the Operating Fund is transferred to the Special Projects Fund at the end of the subsequent year.

11 - LINE OF CREDIT

The Centre has an authorized line of credit in the amount of \$125,000 which was not utilized at either of March 31, 2011 or 2010. This facility is secured by a general security agreement.

12 - CONTINGENCIES

Other indemnification agreements

In the normal course of operations, the Centre signs agreements whereby funds are provided for the execution of projects which are subject to restriction as to the use of the funds. To ensure compliance with project requirements, the sponsors of such projects can require an audit of the financial records of the Centre. Should amounts need to be reimbursed to a sponsor, necessary adjustments are reflected in a year in which they are identified.

13 - COMMITMENTS

The Centre has entered into long-term agreements totaling \$61,000, which expire on various dates between January 2013 and March 2014 and which require minimum payments for the rental and maintenance of office equipment. The minimum payments for the next three years are \$37,000 in 2012, \$14,000 in 2013 and \$10,000 in 2014.

14 - BUDGET INFORMATION

Budget information approved by the Board of Directors, has been presented for information purposes only, and is unaudited.

Somerset West Community Health Centre

Notes to Financial Statements

March 31, 2011

15 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS

Financial risk management objectives and policies

The Centre is exposed to and manages various financial risks resulting from both its operations and its investment activities, and does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial risks

The Centre's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Since all cash is held by one financial institution, the Centre is exposed to credit risk .

Interest rate risk

The Centre holds guaranteed certificates at fixed rates. Accordingly, there is limited exposure to interest rate risk.

16 - CAPITAL MANAGEMENT

The Centre's capital management objectives are to safeguard the Centre's ability to continue as a going concern, and to meet its financial obligations. The Centre manages its capital mainly by internally restricting a portion of net assets to cover designated activities, and to provide capital for potential future adverse situations. Moreover, an important part of capital management consists of controlling expenditures to closely match revenues. The Centre is not subject to any externally imposed capital requirements.

17 - COMPARATIVE FIGURES

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

Somerset West Community Health Centre Schedule A - Special Projects Fund Transactions

Year ended March 31, 2011

			2011	2010
	Operating	Capital	Total	Total
	\$	\$	\$	\$
Fund Balance, beginning of year	59,489	225,195	284,684	205,308
Revenue				
Interest	8,027		8,027	5,602
Expenses - Special Projects				
St. Lukes Lunch Club	500		500	1,500
People for a Better Ottawa				1,000
Vietnamese Youth and Culture Group				200
Just Food				500
Hintonburg Economic Development	250		250	250
Haiti Earthquake Donation				5,000
Tanzania Trip Contribution				500
RH - Playstructure	3,500		3,500	
Funeral services - J. Horowitz	564		564	
Cambodian Association - Sponsorship	300		300	
Bronson Centre - Golf Tournament	250		250	
Vietnamese Canadian Centre - Sponsorship	200		200	
Baskets with Panache - Event	150		150	
Hintonburg Hub	6,895		6,895	
Vietnamese Canadian Centre	500		500	
	13,109		13,109	8,950
Deficiency of revenue over expenses	(5,082)		(5,082)	(3,348)
Transfer from (to) Operating Fund (Note 10)				
Inflation adjustment		7,431	7,431	2,556
Previous years operating surplus	28,932	28,932	57,864	80,168
	28,932	36,363	65,295	82,724
Fund Balance, end of year	83,339	261,558	344,897	284,684

Somerset West Community Health Centre

Schedule B - Ministry of Health and Long-term Care Revenue and Expenses

Year ended March 31, 2011

	CHC Programs	AIDS Programs (Schedule C)	Asthma Program	Physician Assistant Program	Yet Keen	Total	Total Budget (unaudited Note 14)
	\$	\$	\$	\$	\$	\$	\$
Revenue	5,657,715	661,734	84,900	137,450	51,700	6,593,499	6,490,131
Expenses							
Salaries and benefits	4,516,790	497,799	76,010	137,450	36,295	5,264,344	5,271,429
Operating							
Contracted out expenses	412,858		912			413,770	370,695
Building and grounds expenses	146,950					146,950	111,151
Medical/surgical supplies and drugs	25,372		1,600			26,972	25,839
Equipment expenses	151,975				7,500	159,475	146,022
Supplies and sundry expenses	403,770	168,497	6,378		7,905	586,550	564,995
	1,140,925	168,497	8,890		15,405	1,333,717	1,218,702
Deficiency of revenue over expenses	-	(4,562)	-	-	-	(4,562)	-

Somerset West Community Health Centre
Schedule C - Ministry of Health and Long-Term Care AIDS Bureau
Actual revenue and expenses compared to budget

Year ended March 31, 2011

	ANON HIV Testing	HIV Outreach	HIV Prevention	Safe Inhalation	Total	Total Budget (unaudited Note 14)
	\$	\$	\$	\$	\$	\$
Revenue	73,493	181,595	91,853	314,793	661,734	666,296
Expenses						
Salaries	54,013	116,386	57,110	190,458	417,967	417,967
Employee benefits	10,490	22,781	11,026	35,535	79,832	79,832
Occupancy	2,000	7,000	3,500	8,000	20,500	20,500
Staff development	702	4,000	2,000	5,066	11,768	11,768
Volunteer support		8,600	800		9,400	9,400
Supplies and other	6,289	23,175	18,444	78,921	126,829	126,829
	73,494	181,942	92,880	317,980	666,296	666,296
Funds repayable	(1)	(347)	(1,027)	(3,187)	(4,562)	-

