

**De Dwa Da Dehs Nye>s**  
**Aboriginal Health Centre**  
**Financial Statements**  
For the year ended March 31, 2014

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For the year ended March 31, 2014

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	<b>Contents</b>
<b>Independent Auditor's Report</b>	<b>2</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>3</b>
Statement of Operations and Changes in Net Assets	<b>4</b>
Statement of Cash Flows	<b>5</b>
Notes to Financial Statements	<b>6 - 10</b>



Tel: 905 639 9500  
Fax: 905 633 4939  
Toll-free: 888 236 2383  
www.bdo.ca

BDO Canada LLP  
3115 Harvester Road, Suite 400  
Burlington ON L7N 3N8 Canada

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## Independent Auditor's Report

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### To the Members of the Board of De Dwa Da Dehs Nye>s Aboriginal Health Centre

We have audited the accompanying financial statements of De Dwa Dehs Nye>s Aboriginal Health Centre (the "Health Centre"), which comprise the statement of financial position as at March 31, 2014, and the statements of operations and changes in net assets 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 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.

#### 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 Health Centre'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 Health Centre'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 the Health Centre as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants  
Burlington, Ontario  
June 26, 2014

**De Dwa Da Dehs Nye>s Aboriginal Health Centre  
Statement of Financial Position**

March 31	2014	2013
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ -	\$ 439,326
Short-term investments (Note 3)	504,004	500,000
Accounts receivable	95,000	129,771
Prepaid expenses	66,325	35,368
	<u>665,329</u>	<u>1,104,465</u>
Capital assets (Note 4)	1,128,511	1,224,818
Intangible assets (Note 5)	60,517	51,748
	<u>1,854,357</u>	<u>2,381,031</u>

**Liabilities**

<b>Current</b>		
Bank indebtedness (Note 2)	\$ 61,351	\$ -
Accounts payable and accrued liabilities	101,778	397,882
Current portion of long-term debt (Note 6)	4,180	6,280
Deferred revenue (Note 7)	11,272	72,202
Due to the Ministry of Health and Long-Term Care (Note 8)	189,482	353,616
	<u>368,063</u>	<u>829,980</u>
Long-term debt (Note 6)	81,181	95,215
Deferred capital contributions (Note 9)	754,911	940,307
	<u>1,204,155</u>	<u>1,865,502</u>
<b>Net Assets</b>		
Unrestricted	<u>650,202</u>	<u>515,529</u>
	<u>\$ 1,854,357</u>	<u>\$ 2,381,031</u>

On behalf of the Board:

\_\_\_\_\_ President

\_\_\_\_\_ Treasurer

## De Dwa Da Dehs Nye>s Aboriginal Health Centre Statement of Operations and Changes in Net Assets

For the year ended March 31	2014	2013
<b>Revenue</b>		
Grants	\$ 4,282,077	\$ 3,904,529
Rent	13,416	14,916
Interest	4,004	1,845
Fundraising and other	13,776	5,957
Amortization of deferred capital contributions (Note 9)	185,396	156,549
	<u>4,498,669</u>	<u>4,083,796</u>
<b>Expenses</b>		
Advertising and printing	61,036	43,099
Administration	107,583	157,857
Amortization	193,123	156,549
Bank charges	2,626	1,535
Building supplies and maintenance	86,327	79,868
Contract services	84,320	47,789
Facilitation fees	43,785	20,022
Health promotion	32,716	45,134
Insurance	17,841	17,775
Interest	5,554	9,934
Meetings	15,463	10,319
Memberships	12,988	8,518
Office	78,628	114,821
Physician	642,338	518,734
Prescription drugs	-	16,991
Professional fees	82,671	114,941
Program costs	83,599	75,081
Property taxes	3,107	2,484
Rent	20,235	22,173
Salaries and benefits	2,375,445	1,967,184
Supplies and resource materials	81,080	151,868
Traditional healing	60,418	70,607
Travel and training	179,400	155,622
Utilities	63,570	53,367
	<u>4,333,853</u>	<u>3,862,272</u>
<b>Excess of revenue before recoverable</b>	<b>164,816</b>	<b>221,524</b>
<b>Recoverable by the Ministry of Health and Long-Term Care</b>	<b>(30,143)</b>	<b>(245,957)</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>134,673</b>	<b>(24,433)</b>
<b>Net assets, beginning of year</b>	<b>515,529</b>	<b>539,962</b>
<b>Net assets, end of year</b>	<b>\$ 650,202</b>	<b>\$ 515,529</b>

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

## De Dwa Da Dehs Nye>s Aboriginal Health Centre Statement of Cash Flows

For the year ended March 31	2014	2013
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 134,673	\$ (24,433)
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization of capital assets	193,123	156,549
Changes in non-cash working capital balances		
Accounts receivable	34,771	(57,819)
Prepaid expenses	(30,957)	7,290
Accounts payable and accrued liabilities	(296,104)	227,374
Deferred revenue	(60,930)	(21,641)
Subsidy returns	(164,134)	(133,518)
	<u>(189,558)</u>	<u>153,802</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(105,585)	(155,743)
Change in short-term investments	(4,004)	(182,893)
	<u>(109,589)</u>	<u>(338,636)</u>
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(16,134)	(21,512)
Deferred capital contributions	(185,396)	(806)
	<u>(201,530)</u>	<u>(22,318)</u>
<b>Decrease in cash during the year</b>	<b>(500,677)</b>	<b>(207,152)</b>
<b>Cash, beginning of year</b>	<b>439,326</b>	<b>646,478</b>
<b>Cash (bank indebtedness), end of year</b>	<b>\$ (61,351)</b>	<b>\$ 439,326</b>

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

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# De Dwa Da Dehs Nye>s Aboriginal Health Centre

## Notes to Financial Statements

March 31, 2014

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### 1. Nature of Operations and Significant Accounting Policies

#### Nature and Purpose of Organization

De Dwa Dehs Nye>s Aboriginal Health Centre (the "Health Centre") is incorporated under the laws of Ontario without share capital.

The Health Centre is a registered charity subject to the Charities Accounting Act and is exempt from income taxes.

The objects of the Health Centre are to operate a community health centre for the benefit of the Aboriginal communities in the City of Hamilton and Brant County.

The Health Centre is funded by the Province of Ontario through the Ministry of Health and Long-Term Care, which represents 86% (2013 - 83%) of the total revenue for the year.

#### Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

#### Revenue Recognition

The Health Centre follows the deferral method for accounting for revenue. 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.

Rental revenue is recognized on the first day of every month.

Interest revenue is recognized when earned.

Fundraising and other revenue is recognized when received.

#### Deferred Capital Contributions

Deferred contributions relating to capital assets represent contributions used to acquire capital assets. These deferred contributions are brought into revenue to match amortization expense over the life of those assets so acquired.

#### Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over the assets estimated useful lives as follows:

Buildings	- 25 years
Fence	- 10 years
Furniture and equipment	- 5 years
Vehicle	- 4 years

#### Intangible Assets

Computer software and website are recorded at cost, less accumulated amortization. All intangible assets are amortized over a period of 5 years on a straight line basis.

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# De Dwa Da Dehs Nye>s Aboriginal Health Centre

## Notes to Financial Statements

March 31, 2014

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### 1. Nature of Operations and Significant Accounting Policies (Continued)

#### Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

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### 2. Bank Indebtedness

The Health Centre has arranged a \$150,000 line of credit facility with TD Canada Trust at prime rate plus 1%. It is secured by Guaranteed Investment Certificates. At the year end date, there were no draws upon this facility.

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### 3. Short-term Investments

	<u>2014</u>	<u>2013</u>
Guaranteed investment certificates	<u>\$ 504,004</u>	<u>\$ 500,000</u>

Short term investments are comprised of Guaranteed Investment Certificates earning 0.8% (2013 - 0.8%) with maturity dates between January and March 2015 (2013 - January and March 2014).



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## De Dwa Da Dehs Nye>s Aboriginal Health Centre Notes to Financial Statements

March 31, 2014

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### 4. Capital Assets

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 180,526	\$ -	\$ 180,526	\$ -
Buildings	1,397,268	570,948	1,394,354	515,115
Fence	9,000	2,700	9,000	1,800
Furniture and equipment	587,367	472,002	519,199	361,346
Vehicle	97,859	97,859	97,857	97,857
	<b>\$ 2,272,020</b>	<b>\$ 1,143,509</b>	<b>\$ 2,200,936</b>	<b>\$ 976,118</b>
Net book value		<b>\$ 1,128,511</b>		<b>\$ 1,224,818</b>

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### 5. Intangible Assets

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer software	\$ 121,544	\$ 85,713	\$ 113,028	\$ 62,256
Website	37,366	12,680	11,381	10,405
	<b>\$ 158,910</b>	<b>\$ 98,393</b>	<b>\$ 124,409</b>	<b>\$ 72,661</b>
Net book value		<b>\$ 60,517</b>		<b>\$ 51,748</b>

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## De Dwa Da Dehs Nye>s Aboriginal Health Centre Notes to Financial Statements

**March 31, 2014**

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### 6. Long-term Debt

	2014	2013
Bank loan, repayable \$732 (2012 - \$898) monthly, including interest at 5.5% (2012 - 4.5%), maturing February 2028 (2012 - February 2028)	\$ 85,361	\$ 101,495
Less: current portion	4,180	6,280
	\$ 81,181	\$ 95,215

Included in interest expense is \$5,553 (2012 - \$9,927) of interest related to the loan.

The loan is secured by the property owned by the Health Centre at 36 King Street West, Brantford, Ontario.

Principal repayments over the next five years and thereafter are as follows:

2015	\$	4,180
2016		4,537
2017		4,670
2018		4,932
2019		5,212
Thereafter		61,830
	\$	85,361

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### 7. Deferred Revenue

	2014	2013
<b>Balance</b> , beginning of year	\$ 72,202	\$ 93,843
Add: contributions received and receivable	11,272	140,646
Less: contributions recognized as revenue	(72,202)	(162,287)
<b>Balance</b> , end of year	\$ 11,272	\$ 72,202

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### 8. Due to Ministry of Health and Long-Term Care

The amount due to the Ministry of Health and Long-Term Care represents the estimated amount repayable of unspent funding for the year ended March 31, 2014 (2013 - years ended March 31, 2009 to 2013). The Ministry of Health and Long-Term Care has not completed their review of this amount and adjustments arising from this review will be recorded as an adjustment to funding in the year completed.

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## De Dwa Da Dehs Nye>s Aboriginal Health Centre Notes to Financial Statements

**March 31, 2014**

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### 9. Deferred Capital Contributions

Capital contributions are amortized on the same basis as the underlying capital assets.

	2014	2013
<b>Balance</b> , beginning of year	\$ 940,307	\$ 941,113
Add: contributions received and receivable	-	155,743
Less: contributions recognized as revenue	(185,396)	(156,549)
<b>Balance</b> , end of year	\$ 754,911	\$ 940,307

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### 10. Comparative Amounts

During the year, management determined that vacation accrual of \$62,818 was not previously recorded for the years ended March 31, 2013 and March 31, 2012. After adjusting the accounts payable and accrued liabilities for the vacation pay accrual, the balance due to the Ministry of Health and Long-Term Care was reduced by an equal amount. Because of the offsetting adjustments, there was no effect on the overall excess (deficiency) of revenue over expense for the year or net assets.

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

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### 11. Financial Instruments

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Health Centre is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Health Centre's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable balances. This risk has not changed from the prior year.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Health Centre's exposure to this risk arises primarily from bank loans and short-term investments with fixed interest rates. This risk has not changed from the prior year.

#### Liquidity Risk

Liquidity risk is the risk that the Health Centre encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Health Centre will not have sufficient funds to settle a transaction on a due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the Health Centre's accounts payable and accrued liabilities, and bank loan. This risk has not changed from the prior year.