

**De Dwa Da Dehs Nye>s
Aboriginal Health Centre
Financial Statements
For the year ended March 31, 2016**

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Financial Statements
For the year ended March 31, 2016

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



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

Independent Auditor's Report

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, 2016, 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, 2016, 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 Professional Accountants, Licensed Public Accountants
Burlington, Ontario
June 23, 2016

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

March 31 **2016** **2015**

Assets

Current

Cash (Note 2)	\$ 125,733	\$ 110,704
Short-term investments (Note 3)	510,589	508,041
Accounts receivable	123,623	90,633
Prepaid expenses	38,267	20,708
	798,212	730,086

Capital assets (Note 4)

1,237,552 1,090,346

Intangible assets (Note 5)

23,058 37,751

\$ 2,058,822 **\$ 1,858,183**

Liabilities

Current

Accounts payable and accrued liabilities	\$ 351,007	\$ 156,063
Current portion of long-term debt (Note 6)	4,708	4,445
Deferred revenue (Note 7)	19,307	23,397
Due to the Ministry of Health and Long-Term Care (Note 8)	141,296	176,608
	516,318	360,513

Long-term debt (Note 6)

71,792 76,500

Deferred capital contributions (Note 9)

946,125 806,764

1,534,235 1,243,777

Net Assets

Unrestricted	524,587	614,406
	524,587	614,406

\$ 2,058,822 **\$ 1,858,183**

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	2016	2015
Revenue		
Grants	\$ 5,302,703	\$ 4,400,696
Amortization of deferred capital contributions (Note 9)	85,227	182,873
Fundraising and other	38,213	429
Interest	2,574	4,036
Rent	-	12,916
	<u>5,428,717</u>	<u>4,600,950</u>
Expenses		
Advertising and printing	45,776	28,666
Administration	82,787	58,375
Amortization of capital and intangible assets	122,887	210,064
Bank charges	2,559	2,402
Building supplies and maintenance	69,988	79,260
Consulting	203,604	-
Contract services	125,460	84,592
Facilitation fees	9,372	27,884
Health promotion	5,569	4,424
Insurance	20,863	21,565
Interest on long-term debt	4,342	4,573
Memberships	15,357	15,814
Office	211,304	120,441
Physician	571,881	652,030
Prescription drugs	-	5,470
Professional fees	38,251	55,339
Program costs	236,324	59,694
Property taxes	2,419	2,430
Rent	78,434	59,095
Salaries and benefits	3,201,294	2,676,257
Supplies and resource materials	82,687	83,477
Traditional healing	77,790	71,365
Travel and training	198,201	147,497
Utilities	111,387	67,885
	<u>5,518,536</u>	<u>4,538,599</u>
Excess (deficiency) of revenue over expenses for the year	(89,819)	62,351
Net assets, beginning of year	<u>614,406</u>	<u>552,055</u>
Net assets, end of year	<u>\$ 524,587</u>	<u>\$ 614,406</u>

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	2016	2015
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (89,819)	\$ 62,351
Adjustments to reconcile excess (deficiency) of revenue over expenses for the year to net cash provided by operating activities		
Amortization of capital and intangible assets	122,887	210,064
Amortization of deferred capital contributions	(85,227)	(182,873)
Changes in non-cash working capital balances		
Accounts receivable	(32,990)	4,367
Prepaid expenses	(17,559)	45,617
Accounts payable and accrued liabilities	194,944	54,285
Deferred revenue	(4,090)	12,125
Due to Ministry of Health and Long-Term Care	(35,312)	(12,874)
	<u>52,834</u>	<u>193,062</u>
Cash flows from investing activities		
Purchase of capital and intangible assets	(255,400)	(149,133)
Purchase of short-term investments	(2,548)	(4,037)
	<u>(257,948)</u>	<u>(153,170)</u>
Cash flows from financing activities		
Repayment of bank indebtedness	-	(61,351)
Repayment of long-term debt	(4,445)	(4,416)
Capital contributions received	224,588	136,579
	<u>220,143</u>	<u>70,812</u>
Increase in cash during the year	15,029	110,704
Cash, beginning of year	110,704	-
Cash, end of year	\$ 125,733	\$ 110,704

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

De Dwa Da Dehs Nye>s Aboriginal Health Centre

Notes to Financial Statements

March 31, 2016

1. 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 objective of the Health Centre is 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 59% (2015 - 64%) 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 of 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. Revenue related to programs which have not yet occurred are recorded as deferred revenue and recognized as revenue when the program occurs.

Deferred capital contributions related to capital assets represent the unamortized and unallocated amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations on the same basis as the related assets.

Fundraising and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest revenue is recognized when earned.

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.

De Dwa Da Dehs Nye>s Aboriginal Health Centre

Notes to Financial Statements

March 31, 2016

1. Significant Accounting Policies (Continued)

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.

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 revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Cash

The Health Centre has arranged a \$150,000 line of credit facility with TD Canada Trust, bearing interest at prime plus 1%. It is secured by the Health Centre's short-term investments. As at March 31, 2016, the amount drawn on the facility agreement was \$Nil (2015 - \$Nil).

3. Short-term Investments

The short-term investments are comprised of Guaranteed Investment Certificates earning interest of 0.4% (2015 - 0.5%) with maturity dates between February and March 2017 (2015 - February and March 2016).

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

March 31, 2016

4. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 180,526	\$ -	\$ 180,526	\$ -
Buildings	1,533,990	690,924	1,533,990	629,570
Fence	9,000	4,500	9,000	3,600
Furniture and equipment	778,688	606,222	588,508	588,508
Vehicle	107,488	70,494	97,857	97,857
	\$ 2,609,692	\$ 1,372,140	\$ 2,409,881	\$ 1,319,535
Net book value		\$ 1,237,552		\$ 1,090,346

5. Intangible Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer software	\$ 154,306	\$ 140,988	\$ 132,814	\$ 112,276
Website	37,366	27,626	37,366	20,153
	\$ 191,672	\$ 168,614	\$ 170,180	\$ 132,429
Net book value		\$ 23,058		\$ 37,751

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

March 31, 2016

6. Long-term Debt

	2016	2015
Bank loan, bearing interest at 5.5% per annum, repayable principal and interest of \$732 monthly, due February 2028, secured by the property at 36 King Street West, Brantford, Ontario	\$ 76,500	\$ 80,945
Less: Current portion	4,708	4,445
	\$ 71,792	\$ 76,500

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

2017	\$	4,708
2018		4,973
2019		5,254
2020		5,542
2021		5,863
Thereafter		50,160
	\$	76,500

7. Deferred Revenue

	2016	2015
Balance , beginning of year	\$ 23,397	\$ 11,272
Add: Restricted contributions received and receivable	13,307	23,397
Less: Restricted contributions recognized as revenue	(17,397)	(11,272)
Balance , end of year	\$ 19,307	\$ 23,397

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 based on unspent funding relating to previous years. 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.

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

March 31, 2016

9. Deferred Capital Contributions

	<u>2016</u>	<u>2015</u>
Balance , beginning of year	\$ 806,764	\$ 853,058
Add: Capital contributions received and receivable	224,588	136,579
Less: Capital contributions amortized into revenue	(85,227)	(182,873)
Balance , end of year	\$ 946,125	\$ 806,764

10. Commitments

Future minimum payments for the Health Centre's operating leases related to a maintenance contract and for their premises are as follows:

2017	\$	19,782
2018		15,259

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 balance. 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 long-term debt and short-term investments with fixed interest rates. This risk has not changed from the prior year.