

Financial Statements of

**DE DWA DA DEHS NYE>S  
ABORIGINAL HEALTH  
CENTRE**

Year ended March 31, 2017



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## **INDEPENDENT AUDITORS' 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 Da Dehs Nye>s Aboriginal Health Centre, which comprise the statement of financial position as at March 31, 2017, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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.

### *Auditors' 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 our 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, we consider 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.



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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 De Dwa da Dehs Nye>s Aboriginal Health Centre as at March 31, 2017 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Other Matter*

The financial statements of De Dwa Da Dehs Nye>s Aboriginal Health Centre for the year ended March 31, 2016 were audited by another auditor who expressed an unqualified opinion on those financial statements on June 23, 2016.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

May 29, 2017

Hamilton, Canada

# DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Statement of Financial Position

March 31, 2017, with comparative information for 2016

|                                 | 2017         | 2016         |
|---------------------------------|--------------|--------------|
| <b>Assets</b>                   |              |              |
| Current assets:                 |              |              |
| Cash                            | \$ 893,891   | \$ 125,733   |
| Short-term investments (note 2) | 256,316      | 510,589      |
| Accounts receivable             | 65,770       | 123,623      |
| Prepaid expenses                | 56,265       | 38,267       |
|                                 | 1,272,242    | 798,212      |
| Capital assets (note 3)         | 1,378,095    | 1,237,552    |
| Intangible assets (note 4)      | 15,584       | 23,058       |
|                                 | \$ 2,665,921 | \$ 2,058,822 |

## Liabilities

|  |              |              |
|--|--------------|--------------|
| Current liabilities:                       |              |              |
| Accounts payable and accrued liabilities   | \$ 334,224   | \$ 351,007   |
| Current portion of long-term debt (note 6) | 4,949        | 4,708        |
| Deferred revenue (note 7)                  | 287,409      | 19,307       |
| Surpluses repayable (note 8)               | 211,220      | 141,296      |
|  | 837,802      | 516,318      |
| Long-term debt (note 6)                    | 66,479       | 71,792       |
| Deferred capital contributions (note 9)    | 1,096,595    | 946,125      |
|  | 2,000,876    | 1,534,235    |
| Unrestricted net assets                    | 665,045      | 524,587      |
|  | \$ 2,665,921 | \$ 2,058,822 |

See accompanying notes to financial statements.

On behalf of the Board:

  
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# DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

## Statement of Operations

Year ended March 31, 2017, with comparative information for 2016

|  | 2017         | 2016         |
|--|--------------|--------------|
| Revenue:                                       |              |              |
| Ministry of Health and Long-term Care          |              |              |
| Core programs                                  | \$ 2,660,670 | \$ 2,489,938 |
| Diabetes to Education                          | 292,008      | 281,600      |
| Healthier You                                  | 248,900      | 248,900      |
| Capital campaign                               | 192,048      | -            |
| Healthy Kids Community Challenge               | 167,002      | 141,562      |
| Local Health Integration Network               |              |              |
| Advocacy                                       | 554,358      | 554,358      |
| Mental Health programs                         | 479,863      | 443,069      |
| One-time funding                               | 75,000       | -            |
| City of Hamilton                               | 779,887      | 798,563      |
| Ministry of Child and Youth Services           |              |              |
| Fetal Alcohol Spectrum Disorder                | 165,000      | 165,000      |
| Child and Youth Mental Health Services         | 163,522      | 165,217      |
| Amortization of deferred capital contributions | 105,562      | 85,227       |
| Fundraising and other                          | 73,905       | 61,292       |
|  | 5,957,725    | 5,434,726    |
| Expenses:                                      |              |              |
| Ministry of Health and Long-term Care          |              |              |
| Core programs                                  | 2,625,968    | 2,410,627    |
| Diabetes to Education                          | 291,998      | 281,600      |
| Healthier You                                  | 248,756      | 248,900      |
| Capital campaign                               | 45,052       | 146,995      |
| Healthy Kids Community Challenge               | 160,921      | 141,562      |
| Local Health Integration Network               |              |              |
| Advocacy programs                              | 553,976      | 554,358      |
| Mental Health programs                         | 449,038      | 443,069      |
| One time funding                               | 75,000       | -            |
| City of Hamilton                               | 779,712      | 798,563      |
| Ministry of Child and Youth Services           |              |              |
| Fetal Alcohol Spectrum Disorder                | 164,401      | 165,187      |
| Child and Youth Mental Health Services         | 160,778      | 171,195      |
| Amortization of capital and intangible assets  | 123,423      | 122,887      |
| Fundraising and other                          | 62,758       | 39,602       |
|  | 5,741,781    | 5,524,545    |
| Surplus (deficit) before the undernoted        | 215,944      | (89,819)     |
| Transfer to surpluses payable                  | 75,486       | -            |
| Surplus (deficit), end of year                 | \$ 140,458   | \$ (89,819)  |

See accompanying notes to financial statements.

# DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

## Statement of Changes in Net Assets

Year ended March 31, 2017, with comparative information for 2016

| March 31, 2017                 | Unrestricted      | Invested in capital assets | Total             |
|--------------------------------|-------------------|----------------------------|-------------------|
| Net assets, beginning of year  | \$ 286,602        | \$ 237,985                 | \$ 524,587        |
| Surplus (deficit)              | 158,319           | (17,861)                   | 140,458           |
| Invested in capital assets     | (5,532)           | 5,532                      | -                 |
| <b>Net assets, end of year</b> | <b>\$ 439,389</b> | <b>\$ 225,656</b>          | <b>\$ 665,045</b> |

| March 31, 2016                 | Unrestricted      | Invested in capital assets | Total             |
|--------------------------------|-------------------|----------------------------|-------------------|
| Net assets, beginning of year  | \$ 374,018        | \$ 240,388                 | \$ 614,406        |
| Deficit                        | (52,159)          | (37,660)                   | (89,819)          |
| Invested in capital assets     | (35,257)          | 35,257                     | -                 |
| <b>Net assets, end of year</b> | <b>\$ 286,602</b> | <b>\$ 237,985</b>          | <b>\$ 524,587</b> |

See accompanying notes to financial statements.

# DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

## Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

|  | 2017           | 2016             |
|--|----------------|------------------|
| Cash provided by (used in):                    |                |                  |
| Operations:                                    |                |                  |
| Surplus (deficit) before the undernoted        | \$ 140,458     | \$ (89,819)      |
| Items not involving cash:                      |                |                  |
| Amortization of capital and intangible assets  | 123,423        | 122,887          |
| Amortization of deferred capital contributions | (105,562)      | (85,227)         |
|  | <u>158,319</u> | <u>(52,159)</u>  |
| Changes in non-cash operating working capital: |                |                  |
| Accounts receivable                            | 57,853         | (32,990)         |
| Prepaid expenses                               | (17,998)       | (17,559)         |
| Accounts payable and accrued liabilities       | (16,783)       | 194,944          |
| Deferred revenue                               | 268,102        | (4,090)          |
| Surpluses repayable                            | 69,924         | (35,312)         |
|  | <u>519,417</u> | <u>52,834</u>    |
| Cash flows from investing activities:          |                |                  |
| Purchase of capital and intangible assets      | (256,492)      | (255,400)        |
| Purchase of short-term investments             | -              | (2,548)          |
| Sale of short-term investments                 | 254,273        | -                |
|  | <u>(2,219)</u> | <u>(257,948)</u> |
| Cash flows from financing activities:          |                |                  |
| Repayment of long-term debt                    | (5,072)        | (4,445)          |
| Capital contributions received                 | 256,032        | 224,588          |
|  | <u>250,960</u> | <u>220,143</u>   |
| <hr/>  |                |                  |
| Increase in cash during the year               | 768,158        | 15,029           |
| Cash, beginning of year                        | 125,733        | 110,704          |
| <hr/>  |                |                  |
| Cash, end of year                              | \$ 893,891     | \$ 125,733       |

See accompanying notes to financial statements.

# DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2017

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De Dwa Da Dehs Nye>s Aboriginal Health Centre (the "Health Centre") is a Not-for-Profit Organization incorporated without share capital under the laws of the Province of Ontario.

The Health Centre operates under the Ontario Charitable Institutional Act and is a registered charity under the Income Tax Act.

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.

## 1. Significant accounting policies:

### (a) Basis of accounting:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Standards in Part III of the CICA Handbook.

### (b) Revenue recognition:

The Health Centre follows the deferral method of accounting for contributions which include government grants.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Revenue related to programs which have not yet occurred are recorded as deferred revenue and recognized as revenue when the program occurs.

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.

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.



# DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

### (c) Capital assets:

Capital assets are recorded at cost. When a capital asset no longer contributes to the Health Centre's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over the assets estimated useful lives as follows:

| Asset                   | Rate     |
|-------------------------|----------|
| Buildings               | 25 years |
| Fence                   | 10 years |
| Furniture and Equipment | 5 years  |
| Vehicle                 | 4 years  |

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### (d) Intangible assets:

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

### (e) Use of estimates:

The preparation of financial statements 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 year. Items subject to such estimates and assumptions include the carrying amount of capital assets and intangible assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

# DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

### (f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Health Centre has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Health Centre determines if there is a significant adverse change in the expected amount of timing of future cash flows from the financial assets. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Health Centre expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (g) Allocation of expenses:

The Health Centre records a number of its expenses by program. The costs of each program includes the costs of personnel, premises and other expenses that are directly related to providing the program.

The Health Centre allocates certain of its general support expenses by identifying the appropriate basis of allocating each expense. Administration and corporate governance are not allocated.

# DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

## 2. Short-term investments:

The short-term investments are comprised of Guaranteed Investment Certificates earning interest of 0.4% (2016 - 0.4%) with maturity dates between February and March 2018 (2016 - February and March 2017).

## 3. Capital assets:

|                         | 2017                |                          |                     |
|-------------------------|---------------------|--------------------------|---------------------|
|                         | Cost                | Accumulated amortization | Net book value      |
| Land                    | \$ 180,526          | \$ -                     | \$ 180,526          |
| Buildings               | 1,556,604           | 752,393                  | 804,211             |
| Furniture and equipment | 989,907             | 646,400                  | 343,507             |
| Vehicles                | 130,147             | 83,896                   | 46,251              |
| Fence                   | 9,000               | 5,400                    | 3,600               |
|                         | <b>\$ 2,866,184</b> | <b>\$ 1,488,089</b>      | <b>\$ 1,378,095</b> |

  

|                         | 2016                |                          |                     |
|-------------------------|---------------------|--------------------------|---------------------|
|                         | Cost                | Accumulated amortization | Net book value      |
| Land                    | \$ 180,526          | \$ -                     | \$ 180,526          |
| Buildings               | 1,533,990           | 690,924                  | 843,066             |
| Furniture and equipment | 778,688             | 606,222                  | 172,466             |
| Vehicles                | 107,488             | 70,494                   | 36,994              |
| Fence                   | 9,000               | 4,500                    | 4,500               |
|                         | <b>\$ 2,609,692</b> | <b>\$ 1,372,140</b>      | <b>\$ 1,237,552</b> |

# DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

## 4. Intangible assets:

|                   |                   |                             |                   | 2017          |  |
|-------------------|-------------------|-----------------------------|-------------------|---------------|--|
|                   | Cost              | Accumulated<br>amortization | Net book<br>value |               |  |
| Computer software | \$ 154,306        | \$ 140,988                  | \$                | 13,318        |  |
| Website           | 37,366            | 35,100                      |                   | 2,266         |  |
|                   | <b>\$ 191,672</b> | <b>\$ 176,088</b>           | <b>\$</b>         | <b>15,584</b> |  |
|                   |                   |                             |                   | 2016          |  |
|                   | Cost              | Accumulated<br>amortization | Net book<br>value |               |  |
| Computer software | \$ 154,306        | \$ 140,988                  | \$                | 13,318        |  |
| Website           | 37,366            | 27,626                      |                   | 9,740         |  |
|                   | <b>\$ 191,672</b> | <b>\$ 168,614</b>           | <b>\$</b>         | <b>23,058</b> |  |

## 5. Line of credit:

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, 2017, the amount drawn on the facility agreement was \$nil (2016 - \$nil).

# DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

## 6. Long-term debt:

|   | 2017             | 2016             |
|---|------------------|------------------|
| 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 | \$ 71,428        | \$ 76,500        |
| Less current portion long-term debt   | 4,949            | 4,708            |
|   | <u>\$ 66,479</u> | <u>\$ 71,792</u> |

Principal repayments are due as follows:

|            |                  |
|------------|------------------|
| 2018       | \$ 4,949         |
| 2019       | 5,228            |
| 2020       | 5,523            |
| 2021       | 5,835            |
| 2022       | 6,164            |
| Thereafter | 43,729           |
|            | <u>\$ 71,428</u> |

Interest of \$4,074 (2016 - \$4,342) has been recorded in Core programs expense on the Statement of Operations.

## 7. Deferred revenue:

|   | 2017              | 2016             |
|---|-------------------|------------------|
| Balance, beginning of year                            | \$ 19,307         | \$ 23,397        |
| Add: Restricted contributions received and receivable | 461,457           | 13,307           |
| Less: Restricted contributions recognized as revenue  | (193,355)         | (17,397)         |
| Balance, end of year                                  | <u>\$ 287,409</u> | <u>\$ 19,307</u> |

# DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

## 8. Surpluses repayable:

The surpluses repayable represent the estimated amount repayable based on unspent funding. The below funders have not completed their review of these amounts and adjustments arising from this review will be recorded as an adjustment to funding in the year completed.

|  | 2017              | 2016              |
|--|-------------------|-------------------|
| Due to Ministry of Health and Long-term Care | \$ 152,016        | \$ 134,418        |
| Due to Ministry of Child and Youth Services  | 27,779            | 6,560             |
| Due to Local Health Integration Network      | 31,425            | 318               |
|  | <b>\$ 211,220</b> | <b>\$ 141,296</b> |

## 9. Deferred capital contributions:

|  | 2017                | 2016              |
|--|---------------------|-------------------|
| Balance, beginning of year                           | \$ 946,125          | \$ 806,764        |
| Add: MOHLTC capital contributions received           | 45,152              | 73,531            |
| Add: MCYS capital contributions received             | 157,163             | 140,917           |
| Add: City of Hamilton capital contributions received | 27,636              | 10,140            |
| Add: LHIN capital contributions received             | 3,421               | -                 |
| Add: Other one-time capital contributions received   | 22,660              | -                 |
| Less: Capital contributions amortized into revenue   | (105,562)           | (85,227)          |
| Balance, end of year                                 | <b>\$ 1,096,595</b> | <b>\$ 946,125</b> |

# DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

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## 10. Financial risks and concentration of risk:

### (a) 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. There has been no change to the risk exposures from 2016.

### (b) Liquidity risk:

Liquidity risk is the risk that the Health Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Health Centre manages its liquidity risk by monitoring its operating requirements. The Health Centre prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2016.

### (c) 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. There has been no change to the risk exposures from 2016.

## 11. Comparative information:

The financial statements have been reclassified to conform to the presentation used in the current year.