Financial Statements of

DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Year ended March 31, 2019

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of De Dwa Da Dehs Nye>s Aboriginal Health Centre (the “Entity”), which comprise:

- the statement of financial position as at March 31, 2019,
- the statement of operations for the year then ended,
- the statement of changes in net assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, 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.

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 “Auditors’ Responsibilities for the Audit of the Financial Statements” section of our auditors’ report.

We are independent of the Entity in accordance with the applicable independence standards, and we have fulfilled our other ethical responsibilities in accordance with these standards.

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

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- 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 Entity's 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
May 27, 2019

DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	$ 1,204,974	$ 950,939
Short-term investments (note 2)	155,021	257,341
Accounts receivable (note 3)	81,056	100,400
Prepaid expenses	53,967	43,442
	1,495,018	1,352,122
Capital assets (note 4)	1,238,275	1,393,797
Intangible assets (note 5)	34,331	13,318
	$ 2,767,624	$ 2,759,237
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 575,643	$ 414,395
Deferred revenue (note 7)	240,737	300,050
Surpluses repayable (note 8)	213,053	220,647
	1,029,433	935,092
Deferred capital contributions (note 9)	1,011,242	1,127,890
	2,040,675	2,062,982
Net assets:		
Unrestricted	465,585	417,030
Invested in capital assets	261,364	279,225
	726,949	696,255
	$ 2,767,624	$ 2,759,237

See accompanying notes to financial statements.

On behalf of the Board:

DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Ministry of Health and Long-term Care:		
Core programs	$ 2,901,522	$ 2,790,824
Diabetes to Education	394,866	316,189
Healthier You	338,937	248,900
Capital Planning and Design	20,687	66,455
Healthy Kids Community Challenge	87,500	175,000
Local Health Integration Network:		
Advocacy	504,358	529,639
Mental Health programs	629,284	623,983
One-time funding	200,000	75,000
City of Hamilton	1,040,709	994,770
Ministry of Child and Youth Services:		
Child and Youth Mental Health Services	178,522	131,172
Fetal Alcohol Spectrum Disorder	165,000	165,000
Social Planning and Research Council	111,257	-
Amortization of deferred capital contributions	186,299	147,636
Fundraising and other	135,681	208,840
	6,894,622	6,473,408
Expenses:		
Ministry of Health and Long-term Care:		
Core programs	2,894,900	2,784,312
Diabetes to Education	380,657	308,096
Healthier You	337,085	248,643
Capital Planning and Design	20,687	66,455
Healthy Kids Community Challenge	87,487	174,832
Local Health Integration Network:		
Advocacy programs	504,011	529,284
Mental Health programs	628,756	609,271
One-time funding	199,900	75,000
City of Hamilton	1,040,709	994,151
Ministry of Child and Youth Services:		
Child and Youth Mental Health Services	178,522	128,149
Fetal Alcohol Spectrum Disorder	165,000	164,986
Social Planning and Research Council	111,257	-
Amortization of capital and intangible assets	204,160	165,495
Fundraising and other	87,136	160,390
	6,840,267	6,409,064
Surplus before the undernoted	54,355	64,344
Transfer to surpluses payable (note 8):		
Ministry of Health and Long-term Care	22,686	15,030
Local Health Integration Network	975	15,067
Ministry of Child and Youth Services	-	3,037
Surplus, end of year	$ 30,694	$ 31,210

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, 2019, with comparative information for 2018

March 31, 2019	Unrestricted	Invested in capital assets	Total
Net assets, beginning of year	$ 417,030	$ 279,225	$ 696,255
Surplus (deficit)	48,555	(17,861)	30,694
Invested in capital assets	-	-	-
Net assets, end of year	$ 465,585	$ 261,364	$ 726,949

March 31, 2018	Unrestricted	Invested in capital assets	Total
Net assets, beginning of year	$ 439,389	$ 225,656	$ 665,045
Surplus (deficit)	49,069	(17,859)	31,210
Invested in capital assets	(71,428)	71,428	-
Net assets, end of year	$ 417,030	$ 279,225	$ 696,255

See accompanying notes to financial statements.

DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Surplus before the undernoted	$ 30,694	$ 31,210
Items not involving cash:		
Amortization of capital and intangible assets	204,160	165,495
Amortization of deferred capital contributions	(186,299)	(147,636)
	48,555	49,069
Changes in non-cash operating working capital:		
Accounts receivable	19,344	(34,630)
Prepaid expenses	(10,525)	12,823
Accounts payable and accrued liabilities	161,248	80,171
Deferred revenue	(59,313)	12,641
Surpluses repayable	(7,594)	9,427
	151,715	129,501
Cash flows from investing activities:		
Purchase of capital and intangible assets	(69,651)	(178,931)
Purchase of short-term investments	-	(1,025)
Sale of short-term investments	102,320	-
	32,669	(179,956)
Cash flows from financing activities:		
Repayment of long-term debt	-	(71,428)
Capital contributions received	69,651	178,931
	69,651	107,503
Increase in cash during the year	254,035	57,048
Cash, beginning of year	950,939	893,891
Cash, end of year	$ 1,204,974	$ 950,939

See accompanying notes to financial statements.

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 CPA 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.

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

(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.

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.

2. Short-term investments:

The short-term investments are comprised of Guaranteed Investment Certificates earning interest of 0.4% (2018 - 0.4%) maturing March 2020 (2018 - February and March 2019).

DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2019

3. Accounts receivable:

	2019	2018
Trade accounts receivables	$ 21,417	$ 33,258
HST receivable	59,639	67,142
Balance, end of year	$ 81,056	$ 100,400

4. Capital assets:

	Cost	Accumulated amortization	2019 Net book value
Land	$ 180,526	$ -	$ 180,526
Buildings	1,616,856	891,090	725,766
Furniture and equipment	1,125,953	828,091	297,862
Vehicles	89,657	57,336	32,321
Fence	9,000	7,200	1,800
	$ 3,021,992	$ 1,783,717	$ 1,238,275

	Cost	Accumulated amortization	2018 Net book value
Land	$ 180,526	$ -	$ 180,526
Buildings	1,616,856	816,774	800,082
Furniture and equipment	1,083,867	728,113	355,754
Vehicles	154,866	100,131	54,735
Fence	9,000	6,300	2,700
	$ 3,045,115	$ 1,651,318	$ 1,393,797

5. Intangible assets:

			2019
	Cost	Accumulated amortization	Net book value
Computer software	$ 68,843	$ 34,512	$ 34,331
Website	37,366	37,366	-
	$ 106,209	$ 71,878	$ 34,331

			2018
	Cost	Accumulated amortization	Net book value
Computer software	$ 154,306	$ 140,988	$ 13,318
Website	37,366	37,366	-
	$ 191,672	$ 178,354	$ 13,318

6. 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, 2019, the amount drawn on the facility agreement was $nil (2018 - $nil).

7. Deferred revenue:

	2019	2018
Balance, beginning of year	$ 300,050	$ 287,409
Add: Restricted contributions received and receivable	44,365	108,553
Less: Restricted contributions recognized as revenue	(103,678)	(95,912)
Balance, end of year	$ 240,737	$ 300,050

8. Surpluses repayable:

The surpluses repayable represent the estimated amount repayable based on unspent funding for the current and previous years. 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.

	2019	2018
Due to Ministry of Health and Long-term Care	$ 183,082	$ 160,821
Due to Local Health Integration Network	16,319	46,174
Due to Ministry of Child and Youth Services	13,652	13,652
	$ 213,053	$ 220,647

9. Deferred capital contributions:

	2019	2018
Balance, beginning of year	$ 1,127,890	$ 1,096,595
Add: MOHLTC capital contributions received	66,108	63,721
Add: MCYS capital contributions received	-	84,084
Add: City of Hamilton capital contributions received	-	6,408
Add: LHIN capital contributions received	-	24,718
Add: Other one-time capital contributions received	3,543	-
Less: Capital contributions amortized into revenue	(186,299)	(147,636)
Balance, end of year	$ 1,011,242	$ 1,127,890

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 2018.

(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 2018.

(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 2018.