

**RÉSEAU DES SERVICES DE SANTÉ EN FRANÇAIS
DE L'EST DE L'ONTARIO**

FINANCIAL STATEMENTS

MARCH 31, 2018

**RÉSEAU DES SERVICES DE SANTÉ EN FRANÇAIS
DE L'EST DE L'ONTARIO**

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Réseau des services de santé en français de l'Est de l'Ontario

Report on the Financial Statements

We have audited the accompanying financial statements of Réseau des services de santé en français de l'Est de l'Ontario, which comprise the statement of financial position as at March 31, 2018, 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 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 Réseau des services de santé en français de l'Est de l'Ontario as at March 31, 2018, 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.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act of Ontario, we report that, in our opinion, these standards have been applied on a basis consistent with that of the preceding year.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
May 9, 2018

RÉSEAU DES SERVICES DE SANTÉ EN FRANÇAIS DE L'EST DE L'ONTARIO

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

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	2018	2017
REVENUE		
Grants and contributions (Schedule A)	\$ 1,528,795	\$ 1,625,045
Service Agreement - Ministry of Health and Long-Term Care	446,307	-
Services rendered	72,175	62,500
Other	5,651	26,072
	2,052,928	1,713,617
OPERATING EXPENSES		
Salaries and employee benefits	1,590,953	1,256,478
Contractuals and professional fees	166,351	206,588
Rent	97,030	67,138
Communications and community engagement	43,880	51,880
Travel expenses	41,646	41,004
Computer supplies	40,713	20,506
Office expenses and supplies	39,964	27,968
Meeting expenses	9,907	10,084
Staff training and human resources support	6,279	2,552
Translation	5,201	4,336
Insurance	2,350	4,165
Computer services	2,150	12,266
Amortization of capital assets	6,943	6,560
	2,053,367	1,711,525
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(439)	2,092
NET ASSETS, BEGINNING OF YEAR	82,662	80,570
NET ASSETS, END OF YEAR	\$ 82,223	\$ 82,662

RÉSEAU DES SERVICES DE SANTÉ EN FRANÇAIS DE L'EST DE L'ONTARIO

STATEMENT OF FINANCIAL POSITION


MARCH 31, 2018

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	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 154,265	\$ 296,157
Accounts receivable (Note 4)	225,144	24,612
Project in progress	-	13,094
	379,409	333,863
CAPITAL ASSETS (Note 5)	16,200	15,306
	\$ 395,609	\$ 349,169
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	\$ 293,988	\$ 251,653
Deferred income	9,000	-
	302,988	251,653
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS (Note 8)	10,398	14,854
	313,386	266,507
NET ASSETS		
Unrestricted	82,223	82,662
	\$ 395,609	\$ 349,169

ON BEHALF OF THE BOARD


_____, Director


_____, Director

RÉSEAU DES SERVICES DE SANTÉ EN FRANÇAIS DE L'EST DE L'ONTARIO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

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	2018	2017
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (439)	\$ 2,092
Adjustments for:		
Amortization of capital assets	6,943	6,560
Amortization of deferred contributions for capital assets	(4,456)	(6,366)
	2,048	2,286
Net change in non-cash working capital items:		
Accounts receivable	(200,532)	22,203
Project in progress	13,094	(13,094)
Accounts payable and accrued liabilities	42,335	(24,131)
Deferred income	9,000	(1,410)
	(136,103)	(16,432)
	(134,055)	(14,146)
INVESTING ACTIVITY		
Acquisition of capital assets	(7,837)	-
DECREASE IN CASH AND CASH EQUIVALENTS	(141,892)	(14,146)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	296,157	310,303
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 154,265	\$ 296,157

Cash and cash equivalents consist of cash.

RÉSEAU DES SERVICES DE SANTÉ EN FRANÇAIS DE L'EST DE L'ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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1. STATUTE AND NATURE OF OPERATIONS

The Organization is a not-for-profit organization incorporated under the Corporations Act of Ontario. It serves to ensure that Francophones in Eastern Ontario have access, in French, to the full range of quality health care services. The Organization is a registered charity according to the Income Tax Act and, as such, is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization applies Canadian accounting standards for not-for-profit organizations (ASNFPO) in accordance with Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements in compliance with the ASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered.

Revenue recognition

The Organization follows the deferral method of accounting for grants and contributions. Grants and contributions restricted for future period expenses are recognized as revenue in the year in which the related expenses are incurred.

Services rendered, service agreement, and other revenue are recognized when there is evidence that an arrangement exists, the services have been rendered, the price is fixed or determinable and collection is reasonably assured.

Contributed services

The Organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the inherent difficulty in compiling these hours and determining their fair value, contributed services are not recognized in the financial statements.

Allocation of expenses

The Organization allocates some of its operating costs to the projects based on the apportionment formula that it deems reasonable. Wages and employee benefits are allocated based on time spent on the project and other operating expenses are allocated on a pro rata basis for revenue attributable to each project.

RÉSEAU DES SERVICES DE SANTÉ EN FRANÇAIS DE L'EST DE L'ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of possible impairment. The Organization determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

Transaction costs related to financial instruments subsequently measured at cost and at amortized cost reduce the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

Capital assets

Computer and office equipment is accounted for at cost. Amortization is calculated on its estimated useful life using the diminishing balance method at the annual rate of 30%.

RÉSEAU DES SERVICES DE SANTÉ EN FRANÇAIS DE L'EST DE L'ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Write-down of capital assets

When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to residual value, if any. The excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Cash and cash equivalents

The Organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that can fluctuate from being positive to overdrawn.

3. PROJECT EXPENSES

	<u>Allocated expenses</u>		
	Salaries and employee benefits	Operating expenses	2018 Total
Ministry of Health and Long-Term Care	\$ 324,930	\$ 121,377	\$ 446,307
"Société Santé en français"			
"Appui au Réseautage"	184,056	78,927	262,983
"Adaptation des services de santé"	131,516	1,069	132,585
"Promotion de la santé"	61,310	-	61,310
"Formation linguistique et adaptation culturelle"	19,366	10,684	30,050
"Variable linguistique"	25,775	-	25,775
"Projets d'aînés"	13,920	4,158	18,078
	\$ 760,873	\$ 216,215	\$ 977,088

RÉSEAU DES SERVICES DE SANTÉ EN FRANÇAIS DE L'EST DE L'ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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3. PROJECT EXPENSES (continued)

	Allocated expenses		2017 Total
	Salaries and employee benefits	Operating expenses	
"Société Santé en français"			
"Appui au Réseautage"	\$ 180,250	\$ 86,354	\$ 266,604
"Adaptation des services de santé"	74,533	58,906	133,439
"Variable linguistique"	47,181	31,609	78,790
"Promotion de la santé"	59,535	2,061	61,596
"Formation linguistique et adaptation culturelle"	32,003	-	32,003
"Orientations en santé mentale"	21,269	-	21,269
"Projets d'ainés"	21,282	-	21,282
"Projets en santé mentale"	-	19,335	19,335
	\$ 436,053	\$ 198,265	\$ 634,318

4. ACCOUNTS RECEIVABLE

	2018	2017
Ministry of Health and Long-Term Care	\$ 225,144	\$ -
Harmonized Sales Tax receivable	-	20,155
Other	-	4,457
	\$ 225,144	\$ 24,612

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2018	2017
Computer and office equipment	\$ 97,759	\$ 81,559	\$ 16,200	\$ 15,306

6. BANK LOAN

The Organization has an authorized line of credit of \$250,000, renewable annually, at prime lending rate plus 2%. This line of credit is secured by a general security agreement and accounts receivable of the Organization. The line of credit is unused at year-end.

RÉSEAU DES SERVICES DE SANTÉ EN FRANÇAIS DE L'EST DE L'ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade accounts and accrued liabilities	\$ 277,115	\$ 224,598
Government remittances	16,873	27,055
	\$ 293,988	\$ 251,653

8. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

	Balance as at March 31, 2017	Received	Amortization	Balance as at March 31, 2018
Champlain and South East Local Health Integration Network (LHIN)	\$ 11,396	\$ -	\$ 3,419	\$ 7,977
"Société Santé en français" "Appui au Réseautage"	3,458	-	1,037	2,421
	\$ 14,854	\$ -	\$ 4,456	\$ 10,398

9. 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 Organization's main credit risks relate to its accounts receivable. The Organization provides credit to its partners in the normal course of its operations.

The Organization establishes allowances for doubtful accounts while keeping in mind the specific credit risk of partners, their historic tendencies and economic situation. There is no existing account receivable that represents a substantial risk for the Organization.

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 Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Organization to a fair value risk while the floating-rate instruments subject it to a cash flow risk. The Organization does not use derivative financial instruments to alter the effects of this risk.

The Organization uses a line of credit bearing a variable interest rate. Consequently, the Organization's interest risk exposure is function of the changes of the prime rate. However, a variation of 1% of the prime rate will not have a significant effect on the net earnings and financial position of the Organization.

RÉSEAU DES SERVICES DE SANTÉ EN FRANÇAIS DE L'EST DE L'ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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10. CONTRACTUAL OBLIGATIONS

The commitments of the Organization under lease agreements aggregate to \$350,307. The estimated instalments over the next four years are the following:

2019	\$	86,161
2020	\$	94,253
2021	\$	95,798
2022	\$	74,095

11. CONTINGENCIES

Other indemnification agreements

In the normal course of operations, the Organization signs agreements whereby funds are provided for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the Organization to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments would be recognized in the year they are identified. The Ministry of Health and Long-term Care (MHLTC) has requested a reimbursement in relation to the 2010-2011 contribution granted. The Organization is of the opinion that this request is not justified and has provided all necessary supporting documents to the MHLTC to demonstrate that the use of these funds respected the approved budget. As of today, the MHLTC has still not required the reimbursement of the sum. The Organization is of the opinion that no reimbursement will be required.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.

RÉSEAU DES SERVICES DE SANTÉ EN FRANÇAIS DE L'EST DE L'ONTARIO

ADDITIONAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2018

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	2018	2017
SCHEDULE A - GRANTS AND CONTRIBUTIONS		
Champlain and South East Local Health Integration Network (LHIN)	\$ 993,837	\$ 993,837
"Société Santé en français"		
"Appui au Réseautage"	262,755	263,998
"Adaptation des services de santé"	132,585	132,585
"Promotion de la santé"	61,310	61,310
"Formation linguistique et adaptation culturelle"	30,000	30,000
"Variable linguistique"	25,775	78,000
"Projets d'aînés"	18,077	19,615
"Orientations en santé mentale"	-	20,000
"Projets en santé mentale"	-	19,334
Amortization of deferred contributions for capital assets (Note 8)	4,456	6,366
	\$ 1,528,795	\$ 1,625,045