

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

FINANCIAL STATEMENTS

MARCH 31, 2016

**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, 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 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, 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.

**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 12, 2016

# 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, 2016

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	2016	2015
<b>REVENUE</b>		
Grants and contributions (Schedule A)	\$ 1,639,433	\$ 1,563,957
Carrefour Santé	42,770	-
Other	20,444	17,899
	<b>1,702,647</b>	<b>1,581,856</b>
<b>OPERATING EXPENSES</b>		
Salaries and employee benefits	1,107,316	1,050,499
Direct project expenses (Note 3)	306,727	174,524
Contractuals and professional fees	79,566	114,158
Rent	73,874	75,694
Travel expenses	36,806	30,958
Communications and community engagement	33,735	33,749
Office expenses and supplies	25,591	27,303
Computer services	24,903	24,029
Meeting expenses	12,981	20,837
Insurance	3,924	4,745
Staff training and human resources support	3,316	1,621
Translation	1,959	9,198
Amortization of capital assets	7,379	3,753
	<b>1,718,077</b>	<b>1,571,068</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>(15,430)</b>	<b>10,788</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>96,000</b>	<b>85,212</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 80,570</b>	<b>\$ 96,000</b>

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

## STATEMENT OF FINANCIAL POSITION

MARCH 31, 2016

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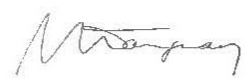
	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 310,303	\$ 379,323
Accounts receivable (Note 4)	46,815	51,795
Prepaid expenses	-	26,971
	<b>357,118</b>	<b>458,089</b>
<b>CAPITAL ASSETS (Note 5)</b>	<b>21,866</b>	<b>19,948</b>
	<b>\$ 378,984</b>	<b>\$ 478,037</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 275,784	\$ 277,850
Deferred grants and contributions (Note 8)	1,410	85,161
	<b>277,194</b>	<b>363,011</b>
<b>DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS (Note 9)</b>	<b>21,220</b>	<b>19,026</b>
	<b>298,414</b>	<b>382,037</b>
<b>NET ASSETS</b>		
Unrestricted	<b>80,570</b>	<b>96,000</b>
	<b>\$ 378,984</b>	<b>\$ 478,037</b>

*Contractual obligations (Note 11) and Contingencies (Note 12)*

ON BEHALF OF THE BOARD

  
\_\_\_\_\_, Director

Issam Massouh, Treasurer

  
\_\_\_\_\_, Director

Jean-Louis Tanguay, Acting President

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

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

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	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (15,430)	\$ 10,788
<b>Adjustments for:</b>		
Amortization of capital assets	7,379	3,753
Amortization of deferred contributions for capital assets	(7,103)	(3,358)
	<b>(15,154)</b>	11,183
<b>Net change in non-cash working capital items:</b>		
Accounts receivable	4,980	(21,536)
Prepaid expenses	26,971	(26,971)
Accounts payable and accrued liabilities	(2,066)	92,287
Deferred grants and contributions	(83,751)	29,800
	<b>(53,866)</b>	73,580
	<b>(69,020)</b>	84,763
<b>INVESTING ACTIVITY</b>		
Acquisition of capital assets	(9,297)	(22,384)
<b>FINANCING ACTIVITY</b>		
Contributions received and deferred for capital assets	9,297	22,384
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(69,020)</b>	84,763
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>379,323</b>	294,560
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 310,303</b>	\$ 379,323

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, 2016

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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 (ASNFO) in accordance with Part III of the CPA Canada Handbook – Accounting.

#### **Use of estimates**

The preparation of financial statements in compliance with the ASNFO 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.

Other revenue is recognized as earned.

#### **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, 2016

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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, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

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 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*

The Organization recognizes its transaction costs in operations in the period incurred. However, transaction costs related to financial instruments subsequently measured 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Capital assets

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

#### 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 fluctuate frequently from being positive to overdrawn.

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

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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### 3. PROJECT EXPENSES

Total expenses incurred for projects include direct expenses totaling \$306,727 (2015: \$174,524) and allocated operating expenses totaling \$398,243 (2015: \$415,415). Total expenses for projects are as follows:

	Allocated expenses		Direct project expenses		2016 Total
	Salaries and employee benefits	Operating expenses	"Carrefour Santé"	Other	
"Société Santé en français"					
"Appui au Réseautage"	\$ 174,943	\$ 68,302	\$ -	\$ 17,000	\$ 260,245
"Adaptation des services de santé"	41,800	5,066	-	101,673	148,539
"Variable linguistique"	60,133	3,839	-	29,478	93,450
"Promotion de la santé"	18,476	3,477	34,334	30,000	86,287
"Formation linguistique et adaptation culturelle"	-	-	33,833	-	33,833
"Projets en santé mentale"	2,096	-	-	19,304	21,400
"Orientations en santé mentale"	20,291	-	-	-	20,291
"Carrefour Santé" - other direct expenses	-	-	41,105	-	41,105
	\$ 317,739	\$ 80,684	\$ 109,272	\$ 197,455	\$ 705,150

	Allocated expenses		Direct project expenses		2015 Total
	Salaries and employee benefits	Operating expenses	"Carrefour Santé"	Other	
"Société Santé en français"					
"Appui au Réseautage"	\$ 175,198	\$ 70,821	\$ -	\$ 17,001	\$ 263,020
"Adaptation des services de santé"	35,786	20,503	-	44,554	100,843
"Variable linguistique"	24,989	721	-	8,835	34,545
"Promotion de la santé"	23,660	8,000	-	54,820	86,480
"Formation linguistique et adaptation culturelle"	4,778	-	-	28,582	33,360
"Projets en santé mentale"	-	1,000	-	20,732	21,732
"Orientation en santé mentale"	49,959	-	-	-	49,959
	\$ 314,370	\$ 101,045	\$ -	\$ 174,524	\$ 589,939

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

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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### 4. ACCOUNTS RECEIVABLE

	2016		2015	
Harmonized Sales Tax receivable	\$	34,345	\$	41,795
Other		12,470		-
Société Santé en français - "Orientations en santé mentale"		-		10,000
	\$	46,815	\$	51,795

### 5. CAPITAL ASSETS

	Cost		Accumulated amortization		2016		2015	
Computer and office equipment	\$	89,922	\$	68,056	\$	21,866	\$	19,948

### 6. BANK LOAN

The Organization has an authorized line of credit of \$100,000, renewable annually, at prime lending rate plus 2.85%. This line of credit is secured by a general security agreement and is unused at year-end.

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016		2015	
Trade accounts and accrued liabilities	\$	255,843	\$	258,150
Government remittances		19,941		19,700
	\$	275,784	\$	277,850

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

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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### 8. DEFERRED GRANTS AND CONTRIBUTIONS

	Balance as at March 31, 2015	Net received	Recognized	Transferred to deferred contributions for capital assets	Balance as at March 31, 2016
Champlain and South East Local Health Integration Network (LHIN)	\$ -	\$ 993,854	\$ 987,346	\$ 6,508	\$ -
"Société Santé en français" "Appui au Réseautage"	-	262,756	258,725	2,789	1,242
"Projets en santé mentale"	168	21,400	21,400	-	168
"Variable linguistique"	76,289	15,971	92,260	-	-
"Promotion de la santé"	4,830	61,310	66,140	-	-
"Formation linguistique et adaptation culturelle"	3,833	30,000	33,833	-	-
"Orientations en santé mentale"	41	20,000	20,041	-	-
"Adaptation des services de santé"	-	132,585	132,585	-	-
	\$ 85,161	\$ 1,537,876	\$ 1,612,330	\$ 9,297	\$ 1,410

### 9. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

	Balance as at March 31, 2015	Received	Amortization	Balance as at March 31, 2016
Champlain and South East Local Health Integration Network (LHIN)	\$ 15,355	\$ 6,508	\$ 5,583	\$ 16,280
"Société Santé en français" "Appui au Réseautage"	3,671	2,789	1,520	4,940
	\$ 19,026	\$ 9,297	\$ 7,103	\$ 21,220

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

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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### 10. 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 specific clients, their historic tendencies and economic situation. Approximately 60% of the total trade accounts is to be received from two entities. The Organization considers that no risk arises from that situation.

#### **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.

### 11. CONTRACTUAL OBLIGATIONS

The Organization has two contracts with a company regarding the creation of information collection tools which are scheduled for completion in 2016-2017. The outstanding contract amounts for work not completed as at March 31, 2016 aggregates to \$23,175.

### 12. 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.

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

## ADDITIONAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2016

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	2016	2015
<b>SCHEDULE A - GRANTS AND CONTRIBUTIONS</b>		
Champlain and South East Local Health Integration Network (LHIN)	\$ 993,854	\$ 993,815
Deferred contributions for capital assets (Note 9)	(6,508)	(18,065)
"Société Santé en français"		
"Appui au Réseautage"	261,514	262,756
Deferred contributions for capital assets (Note 9)	(2,789)	(4,319)
"Adaptation des services de santé"	132,585	100,336
"Variable linguistique"	92,260	34,545
"Promotion de la santé"	66,140	86,480
"Formation linguistique et adaptation culturelle"	33,833	33,360
"Projets en santé mentale"	21,400	21,732
"Orientations en santé mentale"	20,041	49,959
Other Ontario networks	20,000	-
Amortization of deferred contributions for capital assets	7,103	3,358
	<b>\$ 1,639,433</b>	<b>\$ 1,563,957</b>