

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

FINANCIAL STATEMENTS

MARCH 31, 2019

**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 Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Réseau des services de santé en français de l'Est de l'Ontario (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

#### *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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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

We 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.

### **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, 2019

# 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, 2019

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	2019	2018
<b>REVENUE</b>		
Grants and contributions (Schedule A)	\$ 1,500,644	\$ 1,528,795
Service Agreement - Ministry of Health and Long-Term Care	698,262	446,307
Services rendered	10,000	72,175
Other	10,606	5,651
	<b>2,219,512</b>	<b>2,052,928</b>
<b>OPERATING EXPENSES</b>		
Salaries and employee benefits	1,682,179	1,590,953
Contractuals and professional fees	282,225	166,351
Rent	101,272	97,030
Office expenses and supplies	54,768	39,964
Travel expenses	43,737	41,646
Computer supplies	10,980	40,713
Meeting expenses	6,454	9,907
Translation	6,389	5,201
Communications and community engagement	5,773	43,880
Insurance	4,783	2,350
Staff training and human resources support	4,471	6,279
Computer services	1,538	2,150
Amortization of capital assets	10,978	6,943
	<b>2,215,547</b>	<b>2,053,367</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>3,965</b>	<b>(439)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>82,223</b>	<b>82,662</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 86,188</b>	<b>\$ 82,223</b>

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

## STATEMENT OF FINANCIAL POSITION

MARCH 31, 2019

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	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 248,269	\$ 154,265
Accounts receivable (Note 4)	114,994	225,144
	363,263	379,409
<b>CAPITAL ASSETS (Note 5)</b>	<b>23,577</b>	<b>16,200</b>
	\$ 386,840	\$ 395,609
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 293,374	\$ 293,988
Deferred income	-	9,000
	293,374	302,988
<b>DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS (Note 8)</b>	<b>7,278</b>	<b>10,398</b>
	300,652	313,386
<b>NET ASSETS</b>		
Unrestricted	86,188	82,223
	\$ 386,840	\$ 395,609

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, 2019

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	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 3,965	\$ (439)
<b>Adjustments for:</b>		
Amortization of capital assets	10,978	6,943
Amortization of deferred contributions for capital assets	(3,120)	(4,456)
	<b>11,823</b>	<b>2,048</b>
<b>Net change in non-cash working capital items:</b>		
Accounts receivable	110,150	(200,532)
Project in progress	-	13,094
Accounts payable and accrued liabilities	(614)	42,335
Deferred income	(9,000)	9,000
	<b>100,536</b>	<b>(136,103)</b>
	<b>112,359</b>	<b>(134,055)</b>
<b>INVESTING ACTIVITY</b>		
Acquisition of capital assets	(18,355)	(7,837)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>94,004</b>	<b>(141,892)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>154,265</b>	<b>296,157</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 248,269</b>	<b>\$ 154,265</b>

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, 2019

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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.

#### **Contribution receivable**

A contribution receivable is recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

#### **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, 2019

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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 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 amortized cost adjust 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

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful lives using the following methods, annual rates and periods:

	Methods	Rates and period
Computer and office equipment	Diminishing balance	30%
Leasehold improvements	Straight-line method	Term of the lease

#### 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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

Total expenses incurred for projects include allocated operating expenses totaling \$1,211,246 (2018: \$977,088). Total allocated operating expenses for projects are as follows:

	<u>Allocated expenses</u>		
	Salaries and employee benefits	Operating expenses	2019 Total
Ministry of Health and Long-Term Care	\$ 477,358	\$ 220,904	\$ 698,262
"Société Santé en français"			
"Appui au Réseautage"	289,947	71,630	361,577
"Stratégie des données"	46,286	85,824	132,110
"Salon santé"	10,000	-	10,000
"Santé en français (Manitoba)"	852	8,445	9,297
	<u>\$ 824,443</u>	<u>\$ 386,803</u>	<u>\$ 1,211,246</u>
	<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
	<u>\$ 760,873</u>	<u>\$ 216,215</u>	<u>\$ 977,088</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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### 4. ACCOUNTS RECEIVABLE

	2019		2018	
Ministry of Health and Long-Term Care	\$	100,049	\$	225,144
Other		14,945		-
	\$	114,994	\$	225,144

### 5. CAPITAL ASSETS

	Cost	Accumulated amortization	2019	2018
Computer and office equipment	\$ 97,759	\$ 86,419	\$ 11,340	\$ 16,200
Leasehold improvements	18,355	6,118	12,237	-
	\$ 116,114	\$ 92,537	\$ 23,577	\$ 16,200

### 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.

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019		2018	
Trade accounts and accrued liabilities	\$	270,748	\$	252,910
Government remittances		22,626		41,078
	\$	293,374	\$	293,988

### 8. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

	Balance as at March 31, 2018	Received	Amortization	Balance as at March 31, 2019
Champlain and South East Local Health Integration Network (LHIN)	\$ 7,977	\$ -	\$ 2,394	\$ 5,583
"Société Santé en français" "Appui au Réseautage"	2,421	-	726	1,695
	\$ 10,398	\$ -	\$ 3,120	\$ 7,278

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

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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### 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 clients, 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.

### 10. CONTRACTUAL OBLIGATIONS

The commitments of the Organization under lease agreements for office space aggregate to \$217,263. The instalments over the next three years are the following:

2020	\$	95,674
2021	\$	97,219
2022	\$	24,370

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

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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### 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.

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

## ADDITIONAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2019

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	2019	2018
<b>SCHEDULE A - GRANTS AND CONTRIBUTIONS</b>		
Champlain and South East Local Health Integration Network (LHIN)	\$ 993,837	\$ 993,837
"Société Santé en français"		
"Appui au Réseautage"	361,577	262,755
"Stratégie des données"	132,110	-
"Salon Santé"	10,000	-
"Adaptation des services de santé"	-	132,585
"Promotion de la santé"	-	61,310
"Formation linguistique et adaptation culturelle"	-	30,000
"Variable linguistique"	-	25,775
"Projets d'aînés"	-	18,077
Amortization of deferred contributions for capital assets (Note 8)	3,120	4,456
	<b>\$ 1,500,644</b>	<b>\$ 1,528,795</b>