

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

FINANCIAL STATEMENTS

MARCH 31, 2017

**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, 2017, 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, 2017, 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 10, 2017

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, 2017

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	2017	2016
REVENUE		
Grants and contributions (Schedule A)	\$ 1,625,045	\$ 1,639,433
Services rendered	62,500	-
Carrefour Santé	-	42,770
Other	26,072	20,444
	1,713,617	1,702,647
OPERATING EXPENSES		
Salaries and employee benefits	1,256,478	1,107,316
Contractuals and professional fees	132,101	79,566
Direct project expenses (Note 3)	91,802	306,727
Rent	67,138	73,874
Travel expenses	41,004	36,806
Communications and community engagement	34,565	33,735
Computer services	32,772	24,903
Office expenses and supplies	27,968	25,591
Meeting expenses	10,084	12,981
Translation	4,336	1,959
Insurance	4,165	3,924
Staff training and human resources support	2,552	3,316
Amortization of capital assets	6,560	7,379
	1,711,525	1,718,077
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	2,092	(15,430)
NET ASSETS, BEGINNING OF YEAR	80,570	96,000
NET ASSETS, END OF YEAR	\$ 82,662	\$ 80,570

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


STATEMENT OF FINANCIAL POSITION

MARCH 31, 2017

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	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 296,157	\$ 310,303
Accounts receivable (Note 4)	24,612	46,815
Project in progress	13,094	-
	333,863	357,118
CAPITAL ASSETS (Note 5)	15,306	21,866
	\$ 349,169	\$ 378,984
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	\$ 251,653	\$ 275,784
Deferred grants and contributions (Note 8)	-	1,410
	251,653	277,194
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS (Note 9)	14,854	21,220
	266,507	298,414
NET ASSETS		
Unrestricted	82,662	80,570
	\$ 349,169	\$ 378,984

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, 2017

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	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 2,092	\$ (15,430)
Adjustments for:		
Amortization of capital assets	6,560	7,379
Amortization of deferred contributions for capital assets	(6,366)	(7,103)
	2,286	(15,154)
Net change in non-cash working capital items:		
Accounts receivable	22,203	4,980
Project in progress	(13,094)	-
Prepaid expenses	-	26,971
Accounts payable and accrued liabilities	(24,131)	(2,066)
Deferred grants and contributions	(1,410)	(83,751)
	(16,432)	(53,866)
	(14,146)	(69,020)
INVESTING ACTIVITY		
Acquisition of capital assets	-	(9,297)
FINANCING ACTIVITY		
Contributions received and deferred for capital assets	-	9,297
DECREASE IN CASH AND CASH EQUIVALENTS	(14,146)	(69,020)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	310,303	379,323
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 296,157	\$ 310,303

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, 2017

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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 and other revenue are 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, 2017

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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%.

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, 2017

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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 direct expenses totaling \$91,802 (2016: \$306,727) and allocated operating expenses totaling \$542,516 (2016: \$398,423). Total expenses for projects are as follows:

	<u>Allocated expenses</u>		<u>Direct project expenses</u>		<u>2017 Total</u>
	<u>Salaries and employee benefits</u>	<u>Operating expenses</u>	<u>"Carrefour Santé"</u>	<u>Other</u>	
"Société Santé en français"					
"Appui au Réseautage"	\$ 180,250	\$ 69,354	\$ -	\$ 17,000	\$ 266,604
"Adaptation des services de santé"	74,533	30,729	-	28,177	133,439
"Variable linguistique"	47,181	2,446	-	29,163	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'aînés"	21,282	-	-	-	21,282
"Projets en santé mentale"	-	1,873	-	17,462	19,335
	<u>\$ 436,053</u>	<u>\$ 106,463</u>	<u>\$ -</u>	<u>\$ 91,802</u>	<u>\$ 634,318</u>

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

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3. PROJECT EXPENSES (continued)

	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
"Orientations en santé mentale"	20,291	-	-	-	20,291
"Projets en santé mentale"	2,096	-	-	19,304	21,400
"Carrefour Santé" - other direct expenses	-	-	41,105	-	41,105
	\$ 317,739	\$ 80,684	\$ 109,272	\$ 197,455	\$ 705,150

4. ACCOUNTS RECEIVABLE

	2017		2016	
Harmonized Sales Tax receivable	\$	20,155	\$	34,345
Other		4,457		12,470
	\$	24,612	\$	46,815

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2017		2016	
Computer and office equipment	\$ 89,922	\$ 74,616	\$ 15,306	\$	\$	21,866

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.

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

NOTES TO THE FINANCIAL STATEMENTS

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trade accounts and accrued liabilities	\$ 224,598	\$ 255,843
Government remittances	27,055	19,941
	\$ 251,653	\$ 275,784

8. DEFERRED GRANTS AND CONTRIBUTIONS

	Balance as at March 31, 2016	Net received	Recognized	Balance as at March 31, 2017
Champlain and South East Local Health Integration Network (LHIN)	\$ -	\$ 993,837	\$ 993,837	\$ -
"Société Santé en français"				
"Appui au Réseautage"	1,242	262,756	263,998	-
"Adaptation des services de santé"	-	132,585	132,585	-
"Variable linguistique"	-	78,000	78,000	-
"Promotion de la santé"	-	61,310	61,310	-
"Formation linguistique et adaptation culturelle"	-	30,000	30,000	-
"Orientations en santé mentale"	-	20,000	20,000	-
"Projets d'ainés"	-	19,615	19,615	-
"Projets en santé mentale"	168	19,166	19,334	-
	\$ 1,410	\$ 1,617,269	\$ 1,618,679	\$ -

9. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

	Balance as at March 31, 2016	Received	Amortization	Balance as at March 31, 2017
Champlain and South East Local Health Integration Network (LHIN)	\$ 16,280	\$ -	\$ 4,884	\$ 11,396
"Société Santé en français"				
"Appui au Réseautage"	4,940	-	1,482	3,458
	\$ 21,220	\$ -	\$ 6,366	\$ 14,854

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

NOTES TO THE FINANCIAL STATEMENTS

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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 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.

11. CONTRACTUAL OBLIGATIONS

The commitments of the Organization under a lease agreement aggregate to \$343,275. The estimated instalments over the next five years are the following:

2018	\$	70,025
2019	\$	71,195
2020	\$	73,034
2021	\$	73,535
2022	\$	55,486

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NOTES TO THE FINANCIAL STATEMENTS

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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, 2017

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	2017	2016
SCHEDULE A - GRANTS AND CONTRIBUTIONS		
Champlain and South East Local Health Integration Network (LHIN)	\$ 993,837	\$ 993,854
Deferred contributions for capital assets (Note 9)	-	(6,508)
"Société Santé en français"		
"Appui au Réseautage"	263,998	261,514
Deferred contributions for capital assets (Note 9)	-	(2,789)
"Adaptation des services de santé"	132,585	132,585
"Variable linguistique"	78,000	92,260
"Promotion de la santé"	61,310	66,140
"Formation linguistique et adaptation culturelle"	30,000	33,833
"Orientations en santé mentale"	20,000	20,041
"Projets d'aînés"	19,615	-
"Projets en santé mentale"	19,334	21,400
Other Ontario networks	-	20,000
Amortization of deferred contributions for capital assets (Note 9)	6,366	7,103
	\$ 1,625,045	\$ 1,639,433