

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

FINANCIAL STATEMENTS

MARCH 31, 2015

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

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Financial Statements	
Statement of Operations and Changes in Net Assets	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Additional Information	13

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, 2015, 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, 2015, 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 11, 2015

**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, 2015**

3

	2015	2014
REVENUE		
Grants and contributions (Schedule A)	\$ 1,563,957	\$ 1,263,982
Other	17,899	4,013
	1,581,856	1,267,995
OPERATING EXPENSES		
Salaries and employee benefits	1,050,499	956,329
Direct project expenses (Note 3)	174,524	17,000
Contractuals and professional fees	114,158	59,377
Rent	75,694	72,736
Communications and community engagement	33,749	41,675
Travel expenses	30,958	29,389
Office expenses and supplies	27,303	26,930
Computer services	24,029	22,704
Meeting expenses	20,837	19,819
Translation	9,198	13,500
Insurance	4,745	3,932
Staff training and human resources support	1,621	2,274
Amortization of capital assets	3,753	564
	1,571,068	1,266,229
EXCESS OF REVENUE OVER EXPENSES	10,788	1,766
NET ASSETS, BEGINNING OF YEAR	85,212	83,446
NET ASSETS, END OF YEAR	\$ 96,000	\$ 85,212

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

STATEMENT OF FINANCIAL POSITION

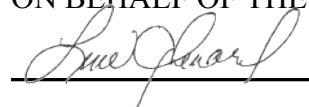
MARCH 31, 2015

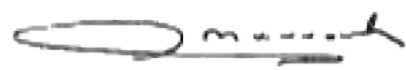
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	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 379,323	\$ 294,560
Accounts receivable (Note 4)	51,795	30,259
Prepaid expenses	26,971	-
	458,089	324,819
CAPITAL ASSETS (Note 5)	19,948	1,317
	\$ 478,037	\$ 326,136
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	\$ 277,850	\$ 185,563
Deferred grants and contributions (Note 8)	85,161	55,361
	363,011	240,924
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS (Note 9)	19,026	-
	382,037	240,924
NET ASSETS		
Unrestricted	96,000	85,212
	\$ 478,037	\$ 326,136

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

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, 2015

5

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 10,788	\$ 1,766
Adjustments for:		
Amortization of capital assets	3,753	564
Amortization of deferred contributions for capital assets	(3,358)	-
	11,183	2,330
Net change in non-cash working capital items:		
Accounts receivable	(21,536)	95,050
Prepaid expenses	(26,971)	-
Accounts payable and accrued liabilities	92,287	(35,057)
Deferred grants and contributions	29,800	45,559
	84,763	107,882
INVESTING ACTIVITY		
Acquisition of capital assets	(22,384)	-
FINANCING ACTIVITY		
Contributions for capital assets	22,384	-
INCREASE IN CASH	84,763	107,882
CASH, BEGINNING OF YEAR	294,560	186,678
CASH, END OF YEAR	\$ 379,323	\$ 294,560

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

6

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 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. The main estimates relate to the impairment of financial assets and the useful life of capital assets subject to amortization.

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.

Sponsorship revenue is recognized as revenue when the sponsored event occurs.

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, 2015

7

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 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.

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%.

Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

8

3. PROJECT EXPENSES

Total expenses incurred for projects include direct expenses totaling \$174,524 (2014: \$17,000) and allocated operating expenses totaling \$415,415 (2014: \$258,239). Total expenses for projects are as follows:

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

	2014			
	Allocated expenses			Total
	Salaries and employee benefits	Operating expenses	Direct expenses	
"Appui au Réseautage"	\$ 164,221	\$ 82,207	\$ 17,000	\$ 263,428
"Adaptation des services de santé"	1,876	-	-	1,876
"Promotion de la santé"	-	-	-	-
"Orientation en santé mentale"	-	-	-	-
"Variable linguistique"	-	-	-	-
"Projets en santé mentale"	-	-	-	-
"Formation linguistique et adaptation culturelle"	945	183	-	1,128
"Regroupement des entités"	-	8,807	-	8,807
	\$ 167,042	\$ 91,197	\$ 17,000	\$ 275,239

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

9

4. ACCOUNTS RECEIVABLE

	2015		2014	
Harmonized Sales Tax receivable	\$	41,795	\$	25,373
Société Santé en français - "Orientations en santé mentale"		10,000		-
Société Santé en français - "Appui au Réseautage"		-		2,252
Other		-		2,634
	\$	51,795	\$	30,259

5. CAPITAL ASSETS

	Cost		Accumulated amortization		2015		2014	
Computer and office equipment	\$	80,625	\$	60,677	\$	19,948	\$	1,317

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

	2015		2014	
Trade accounts and accrued liabilities	\$	258,150	\$	177,053
Government remittances		19,700		8,510
	\$	277,850	\$	185,563

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

10

8. DEFERRED GRANTS AND CONTRIBUTIONS

	Balance as at March 31, 2014	Net received (paid)	Recognized	Balance as at March 31, 2015
Champlain and South East Local Health Integration Network (LHIN)	\$ 13,366	\$ 980,449	\$ 993,815	\$ -
Société Santé en français				
- "Formation linguistique et adaptation culturelle"	7,193	30,000	33,360	3,833
- "Adaptation des services de santé"	12,751	87,585	100,336	-
- "Variable linguistique"	-	110,834	34,545	76,289
- "Projets en santé mentale"	-	21,900	21,732	168
- "Orientations en santé mentale"	-	50,000	49,959	41
- "Promotion de la santé"	-	61,310	56,480	4,830
"Regroupement des entités"	22,051	(22,051)	-	-
	\$ 55,361	\$ 1,320,027	\$ 1,290,227	\$ 85,161

9. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

	Balance as at March 31, 2014	Received	Amortization	Balance as at March 31, 2015
Champlain and South East Local Health Integration Network (LHIN)	\$ -	\$ 18,065	\$ 2,710	\$ 15,355
Société Santé en français				
- "Réseautage en santé"	-	4,319	648	3,671
	\$ -	\$ 22,384	\$ 3,358	\$ 19,026

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

11

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 accounts, their historic tendencies and economic situation. All accounts receivable are 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 would not have a significant effect on the net earnings and financial position of the Organization.

11. CONTRACTUAL OBLIGATIONS

The commitment of the Organization under a lease agreement ending next year aggregates to \$10,418.

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

12

12. CONTINGENCIES

Severance pay

By contract, the Organization is committed to pay compensation to some of its employees as severance pay if the Organization was to cease its activities. As at March 31, 2015, the Organization's liability to this regards would amount to \$51,347.

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.

13. 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, 2015

13

	2015	2014
SCHEDULE A - GRANTS AND CONTRIBUTIONS		
Champlain and South East Local Health Integration Network (LHIN)	\$ 993,815	\$ 989,415
Deferred contributions for capital assets (Note 9)	(18,065)	-
Société Santé en français		
- "Appui au Réseautage"	262,756	262,756
- Deferred contributions for capital assets (Note 9)	(4,319)	-
- "Adaptation des services de santé"	100,336	1,876
- "Promotion de la santé"	86,480	-
- "Orientations en santé mentale"	49,959	-
- "Variable linguistique"	34,545	-
- "Formation linguistique et adaptation culturelle"	33,360	1,128
- "Projets en santé mentale"	21,732	-
"Regroupement des entités"	-	8,807
Amortization of deferred contributions for capital assets	3,358	-
	\$ 1,563,957	\$ 1,263,982