



Financial Statements

Alexandra Community Health Centre

March 31, 2018



Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 13



Grant Thornton

Independent Auditor's Report

Grant Thornton LLP
Suite 1100
332 - 6 Avenue SW
Calgary, AB
T2P 0B2

T +1 403 260 2500
F +1 403 260 2571
www.GrantThornton.ca

To the Directors of
Alexandra Community Health Centre

We have audited the accompanying financial statements of Alexandra Community Health Centre, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, 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 Centre'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 Centre'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.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alexandra Community Health Centre as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Canada
June 25, 2018

Grant Thornton LLP

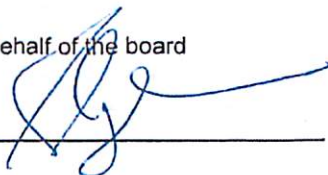
Chartered Professional Accountants

Alexandra Community Health Centre Statement of Financial Position

March 31	2018	2017
Assets		
Current		
Cash	\$ 7,634,343	\$ 4,064,574
Restricted cash (Note 3)	621,373	1,177,413
Investments (Note 4)	1,000,000	1,000,000
Restricted investments (Note 5)	697,200	695,487
Accounts receivable (Note 6)	686,156	566,103
Prepaid expenses	<u>11,935</u>	<u>222,763</u>
	10,651,007	7,726,340
Deposits	76,063	137,455
Tangible capital assets (Note 7)	<u>1,105,527</u>	<u>943,165</u>
	<u>\$ 11,832,597</u>	<u>\$ 8,806,960</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,769,602	\$ 1,524,587
Obligation under rental lease agreement (Note 8)	<u>75,849</u>	<u>72,752</u>
	1,845,451	1,597,339
Obligation under rental lease agreement (Note 8)	-	81,845
Deferred contributions (Note 9)	7,139,831	4,385,474
Deferred contributions related to tangible capital assets (Note 10)	816,726	1,018,050
Externally restricted contributions for Children's Dental Health Program (Note 11)	<u>585,000</u>	<u>585,000</u>
	<u>10,387,008</u>	<u>7,667,708</u>
Net assets		
Unrestricted	915,074	729,008
Invested in tangible capital assets	410,991	40,955
Internally restricted (Note 13)	<u>119,524</u>	<u>369,289</u>
	<u>1,445,589</u>	<u>1,139,252</u>
	<u>\$ 11,832,597</u>	<u>\$ 8,806,960</u>

Commitments (Note 16)

On behalf of the board



Director



Director

Alexandra Community Health Centre

Statement of Operations

Year ended March 31	2018	2017
Revenues		
Calgary Homeless Foundation	\$ 9,614,859	\$ 8,868,048
Alberta Health	6,926,559	6,302,119
Alberta Health Services	1,784,130	1,624,328
Project grants	855,500	369,381
United Way	511,466	411,516
Other	347,512	305,795
City of Calgary	307,834	233,443
Amortization of deferred contributions related to tangible capital assets (Notes 7 and 10)	357,496	234,127
Donations	120,112	446,024
Rental income	109,775	68,564
Interest income	95,672	39,137
Teaching Clinic	93,246	123,781
Government of Alberta	50,000	50,000
Government of Canada	40,075	-
Community Food Centres Canada	38,000	120,514
Alberta Medical Association	4,468	136,427
	21,256,704	19,333,204
Expenses		
Salaries and benefits	10,301,800	8,431,000
Contracted service	4,925,146	4,970,143
Programs	1,811,033	1,575,722
Homeless Housing Society of Calgary program expense (Note 14)	1,380,600	1,496,550
Office and administration	954,731	767,139
Rent	593,848	1,161,229
Amortization	355,461	288,299
Maintenance and repairs	227,162	98,126
Office and medical equipment	122,031	20,133
Insurance	91,040	69,579
Professional fees	54,176	85,995
	20,817,028	18,963,915
Excess of revenues over expenses before other income (items)	439,676	369,289
Other income (items)		
Loss on disposal of tangible capital assets (Note 7)	(77,584)	-
Moving expenses	(55,755)	-
	(133,339)	-
Excess of revenues over expenses (Note 13)	\$ 306,337	\$ 369,289

Alexandra Community Health Centre Statement of Changes in Net Assets

Year ended March 31

	Unrestricted	Invested in tangible capital assets	Internally restricted	Total 2018	Total 2017
Balance, beginning of year \$	729,008 \$	40,955 \$	369,289 \$	1,139,252 \$	769,963
Excess (deficiency) of revenues over expenses	381,886	(75,549)	-	306,337	369,289
Investment in tangible capital assets (net)	<u>(195,820)</u>	<u>445,585</u>	<u>(249,765)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 915,074</u>	<u>\$ 410,991</u>	<u>\$ 119,524</u>	<u>\$ 1,445,589</u>	<u>\$ 1,139,252</u>

Alexandra Community Health Centre

Statement of Cash Flows

Year ended March 31	2018	2017
Increase (decrease) in cash		
Operating		
Excess of revenues over expenses	\$ 306,337	\$ 369,289
Items not affecting cash		
Amortization	355,461	288,299
Amortization of deferred contributions related to tangible capital assets	(357,496)	(234,127)
Loss on disposition of tangible capital assets	<u>77,584</u>	<u>-</u>
	381,886	423,461
Change in non-cash working capital items		
Restricted cash	556,040	(627,181)
Accounts receivable	(120,053)	49,553
Prepaid expenses	210,828	(205,042)
Deposits	61,392	(81,430)
Accounts payable and accrued liabilities	245,015	(119,756)
Obligation under rental lease agreement	(78,748)	154,597
Deferred contributions	<u>2,754,357</u>	<u>1,520,546</u>
	<u>4,010,717</u>	<u>1,114,748</u>
Financing		
Deferred contributions related to tangible capital assets	<u>156,172</u>	<u>775,492</u>
Investing		
Purchase of tangible capital assets	(601,757)	(574,765)
Proceeds on disposition of tangible capital assets	6,350	-
Purchase of investments	<u>(1,713)</u>	<u>(962,439)</u>
	<u>(597,120)</u>	<u>(1,537,204)</u>
Increase in cash	3,569,769	353,036
Cash		
Beginning of year	<u>4,064,574</u>	<u>3,711,538</u>
End of year	<u>\$ 7,634,343</u>	<u>\$ 4,064,574</u>

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2018

1. Nature of operations

Alexandra Community Health Centre (the "Centre") is a not-for-profit society incorporated under The Societies Act of Alberta providing medical and social services to residents in Calgary. A significant amount of the Centre's funding is provided by annual grants from Alberta Health Services, Calgary Homeless Foundation, and Alberta Health.

The Centre is a registered charity and is therefore exempt from the payment of income taxes under Section 149(1) of the Income Tax Act.

The financial statements do not include the financial activities of the Homeless Housing Society of Calgary (see note 14).

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Use of estimates

The accounting standards for not-for-profit organizations require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Items subject to significant management estimate include the useful life and recoverable value of tangible capital assets, obligations under rental lease agreement, and accrued liabilities. Management reviews its estimates annually based on current available information.

Cash

Cash includes cash in bank accounts and petty cash on hand.

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible assets are recorded at the estimated fair value at the date of contribution to the extent that fair value can be reasonably estimated.

Tangible capital assets are amortized over their estimated useful lives using the straight-line method at the following rates:

Furniture and fixtures	5 years
Computers	2 years
Clinic equipment	5 years
Leasehold improvements	Length of lease
Mobile health buses	5 years
Vehicles	3 years

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

Tangible capital assets (continued)

Tangible capital assets are tested for impairment whenever events or changes in circumstances indicate that an asset can no longer be used as originally expected or its carrying value may not be fully recoverable. An impairment loss is recognized when and to the extent that management assesses the future useful life of an asset to be less than originally expected.

Revenue recognition

The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for capital asset expenditure are deferred and amortized to revenue on the same basis as the related depreciable tangible capital assets are amortized.

Leases

An operating lease is a lease where substantially all the benefits and risks incidental to ownership of the property are not transferred to the Centre.

Lease rentals under operating leases are included in the determination of excess of revenue over expenses over the lease term on a straight-line basis.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations.

The Centre records cash, restricted cash, investments, restricted investments, accounts receivable, and accounts payable and accrued liabilities at amortized cost.

Financial assets measured at amortized cost are assessed for indications of impairment. When there is an indication of impairment indicating a significant adverse change in the expected timing or amount of future cash flows from the financial asset, an impairment loss will be recognized in the statement of operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in the statement of operations in the year the reversal occurs.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

Donated material and services

Each year volunteers contribute a number of hours which support the delivery of the Centre's programs. Due to the difficulty of determining or otherwise estimating these hours, and the fact that these services are not otherwise purchased, contributed services are not quantified and recognized in these financial statements.

Donated goods are recorded as both revenue and expense when the fair market value is reasonably determinable and they would normally be purchased and paid for by the Centre, if not donated.

3. Restricted cash

Restricted cash balances are comprised of cash balances externally restricted for specific programs in the amount of \$501,849 (2017 - \$808,124) and funds internally restricted by the Board of Directors of \$119,524 (2017 - \$369,289). See note 13.

4. Investments

At March 31, 2018, the Centre's investments consisted of Guaranteed Investment Certificates with an interest rate of 2.00% per annum, maturing December 2018 (2017 - 1.25% per annum, maturing February 2018).

5. Restricted investments

Restricted investments include \$585,000 (2017 - \$585,000) restricted by the City of Calgary for the purpose of funding the Dental Health Program (see note 11) and \$112,200 (2017 - \$110,487) to guarantee credit cards as required by the bank.

At March 31, 2018, the Centre's restricted investments consisted of Guaranteed Investment Certificates with interest rates of 0.85% to 2.00% (2017 - nil% to 0.95%) per annum, maturing between February 2019 and March 2019 (2017 - between August 2017 and February 2018).

6. Accounts receivable

Included in accounts receivable is \$33,766 (2017 - \$81,393) of government remittances recoverable.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2018

7. Tangible capital assets			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 316,942	\$ 82,283	\$ 234,659	\$ 171,691
Computers	573,882	479,053	94,829	81,348
Clinic equipment	160,755	82,394	78,361	-
Leasehold improvements	1,103,731	433,821	669,910	606,170
Mobile Health Buses	728,116	728,116	-	26,305
Vehicles	295,925	268,157	27,768	57,651
	<u>\$ 3,179,351</u>	<u>\$ 2,073,824</u>	<u>\$ 1,105,527</u>	<u>\$ 943,165</u>

During the year, the Centre has written off assets with a net book value of \$77,377 (2017 - \$nil) as they were no longer in use. Accordingly, the related deferred contribution has been taken into revenue in the line item amortization of deferred contributions related to tangible capital assets (see note 10).

8. Obligation under rental lease agreement

The Centre has entered into a new lease agreement for renting office space with an effective date of August 1, 2017. However, the Centre also has a commitment with respect to the previous office space, the contract for which expires on December 31, 2018. As a result, the costs of meeting the obligation under the previous office space contract exceeded the economic benefits expected to be received under it. Accordingly, in 2017, a provision of \$154,597 was recorded for such costs, of which \$75,849 remains outstanding.

9. Deferred contributions	<u>2018</u>	<u>2017</u>
Donations	\$ 5,433,815	\$ 3,149,046
Others	592,672	17,351
Alberta Health	418,378	702,875
Project grants	319,500	263,299
Alberta Health Services	137,267	-
United Way	105,249	115,842
City of Calgary	89,975	121,739
Government of Canada	32,121	-
Youth Education Fund	10,854	10,854
Alberta Medical Association	-	4,468
	<u>\$ 7,139,831</u>	<u>\$ 4,385,474</u>

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2018

10. Deferred contributions related to tangible capital assets

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 1,018,050	\$ 476,685
Contributions	156,172	775,492
Amounts recognized in revenue (Note 7)	<u>(357,496)</u>	<u>(234,127)</u>
Balance, end of year	<u>\$ 816,726</u>	<u>\$ 1,018,050</u>

11. Externally restricted contributions for Children's Dental Health Program

In 2013, the Centre received a contribution in the amount of \$585,000 from the City of Calgary for the purpose of funding the Centre's Children's Dental Health Program. The original principal of the grant is required to be maintained intact, though both the City of Calgary and the Centre have the right to demand repayment of the grant with six months' notice. The grant has an original term of ten years. Unless the Centre is in default of its obligations under the grant, after the ten year term expires, the grant will automatically be renewed for another ten year term. The grant will continue to be renewed for successive ten year terms unless the Centre defaults on its obligations under the grant or the agreement is terminated by either party.

The interest income generated from the grant is to be used to fund the ongoing lifecycle costs and expenses for the Centre's Children's Dental Health Program. Any interest which is not used to fund the Children's Dental Health Program is required to be reinvested into the grant principal. As at March 31, 2018 all the income generated from the grant has been used to fund the program.

12. Fundraising expenses

As required under Section 7(2) of the Alberta Charitable Fundraising Regulation, the following amounts are disclosed:

	<u>2018</u>	<u>2017</u>
Amounts paid as remuneration to employees whose principal duties involve fundraising	\$ 63,294	\$ 5,693
Total direct expenses for soliciting contributions	<u>42,426</u>	<u>56,821</u>

13. Internally restricted net assets

The Board of Directors internally restricted the surplus of \$369,289 for the year ended March 31, 2017 for the purchase of leasehold improvements and other equipment regarding the relocation of central operations to the new leased space (note 8). During the year, the Centre spent \$249,765 of the restricted amount on capital expenditures.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2018

14. Related party transactions

The Homeless Housing Society of Calgary (the "Society") is an organization incorporated under the Societies Act (Alberta) and is considered a controlled society of the Centre as the Society is under common management on account of rent paid for clients of the Centre.

The Society is not consolidated in these financial statements. Balances of the Society for the year ended March 31 is presented below:

	<u>2018</u> <u>(Unaudited)</u>	<u>2017</u> <u>(Unaudited)</u>
Total assets	\$ 547,735	\$ 454,296
Total liabilities	<u>(86,824)</u>	<u>(91,823)</u>
	<u>\$ 460,911</u>	<u>\$ 362,473</u>
Contributed by the Centre	\$ 1,380,600	\$ 1,496,550
Revenues	<u>1,228,483</u>	<u>1,098,776</u>
	2,609,083	2,595,326
Expenses	<u>(2,510,646)</u>	<u>(2,602,584)</u>
Excess (deficiency) of revenues over expenses	<u>\$ 98,437</u>	<u>\$ (7,258)</u>

Contributions to the Society by the Centre in the fiscal year ended March 31, 2018 amounted to \$1,380,600 (2017 - \$1,496,550) and are included in the statement of revenue and expenses as program expenses. These transactions are in the normal course of operations and are measured at the exchange amount; which is the amount of consideration established and agreed to by the related parties.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2018

15. Financial instruments

The Centre is exposed to various risks through its financial instruments. The following analysis provides a measure of the Centre's risk exposures and concentrations at March 31, 2018.

(a) 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 Centre's main credit risks relate to its cash, accounts receivable and investments. The Centre mitigates its exposure to credit risk by placing its cash with major financial institutions and by investing in low risk securities consistent with the Centre's investment policy, designed to manage the risk of its portfolio of investments. Accounts receivable has no significant concentration of credit risk with any one party. As such, credit risk is considered low.

(b) Liquidity risk

Liquidity risk is the risk that the Centre will encounter difficulty in meeting the obligations associated with its financial liabilities. The Centre is not exposed to significant liquidity risk as a majority of its investments are not held for long term periods of time, and it is the Centre's policy to retain sufficient cash to fund its current obligations.

(c) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Centre is mainly exposed to interest rate risk.

(i) 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 Centre is not exposed to significant interest rate fluctuations, except through the interest earned on its investments in guaranteed investment certificates.

16. Commitments

The Centre has commitments under various property and vehicle operating lease commitments over the next five years are as follows:

2019	\$	634,790
2020		649,599
2021		681,830
2022		650,150
2023		659,701
