

The Co-operative Health Centre
Financial Statements
March 31, 2021

The Co-operative Health Centre Contents

For the year ended March 31, 2021

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Management's Responsibility

To the Members of The Co-operative Health Centre:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Health Centre. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Health Centre's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 1, 2021


Executive Director

Independent Auditor's Report

To the Members of The Co-operative Health Centre:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Co-operative Health Centre (the "Health Centre"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in fund balances, cash flows and the related schedules 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 Health Centre as at March 31, 2021, 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 Health Centre 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 Health Centre'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 Health Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Centre'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.

Independent Auditor's Report *continued*

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 Health Centre'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 Health Centre'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 Health Centre 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 paragraph 11 of The Co-operatives Regulations, 1998, we confirm these financial statements are presented on a basis consistent with that of the preceding year.

Prince Albert, Saskatchewan

June 1, 2021

MNP LLP

Chartered Professional Accountants

The Co-operative Health Centre Statement of Financial Position

As at March 31, 2021

| | Operating Fund | Capital Fund | 2021 | 2020 |
|----------------------------------|------------------|------------------|------------------|------------------|
| Assets | | | | |
| Current | | | | |
| Cash | 1,077,935 | 975,140 | 2,053,075 | 2,689,549 |
| Accounts receivable | 35,194 | 24,700 | 59,894 | 48,256 |
| Term deposits (Note 3) | 2,225,000 | - | 2,225,000 | 960,000 |
| Prepaid expenses and deposits | 150,318 | - | 150,318 | 150,325 |
| Inventory | 59,314 | - | 59,314 | 59,586 |
| | 3,547,761 | 999,840 | 4,547,601 | 3,907,716 |
| Capital assets (Note 4) | - | 3,213,000 | 3,213,000 | 3,161,366 |
| Investments (Note 5) | 443,100 | - | 443,100 | 875,188 |
| | 3,990,861 | 4,212,840 | 8,203,701 | 7,944,270 |
| Liabilities | | | | |
| Current | | | | |
| Trade payables (Note 7) | 178,002 | - | 178,002 | 129,264 |
| Accrued vacation pay | 305,040 | - | 305,040 | 250,478 |
| Accrued salaries | 143,190 | - | 143,190 | 144,551 |
| Ministry of Health | 153,864 | - | 153,864 | 911,059 |
| Deferred contributions (Note 8) | 674,122 | - | 674,122 | 576,243 |
| Funds held in trust (Note 9) | 13,157 | - | 13,157 | 21,931 |
| | 1,467,375 | - | 1,467,375 | 2,033,526 |
| Members' shares (Note 10) | 27,555 | - | 27,555 | 27,165 |
| | 1,494,930 | - | 1,494,930 | 2,060,691 |
| Contingency (Note 14) | | | | |
| Fund Balances | | | | |
| Invested in capital assets | - | 3,213,000 | 3,213,000 | 3,161,366 |
| Internally restricted (Note 11) | - | 385,700 | 385,700 | 385,700 |
| Externally restricted (Note 11) | 1,677,664 | - | 1,677,664 | 1,141,351 |
| Unrestricted | 818,267 | 614,140 | 1,432,407 | 1,195,162 |
| | 2,495,931 | 4,212,840 | 6,708,771 | 5,883,579 |
| | 3,990,861 | 4,212,840 | 8,203,701 | 7,944,270 |

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

The Co-operative Health Centre
Statement of Operations
For the year ended March 31, 2021

| | 2021 Budget (Note 13) | Operating Fund | Capital Fund | Projects Fund (Schedule 2) | 2021 | 2020 |
|---|--------------------------------------|---------------------------|---------------------|---------------------------------------|------------------|------------------|
| Revenue | | | | | | |
| Ministry of Health | 7,663,377 | 7,694,776 | 82,357 | - | 7,777,133 | 7,607,434 |
| Ministry of Health funded surplus (Note 11) | - | 757,195 | - | - | 757,195 | (305,131) |
| Reciprocal outpatient | 16,150 | 14,934 | - | - | 14,934 | 18,884 |
| Non-Health related, net (Note 12) | 53,532 | 53,610 | - | - | 53,610 | 57,891 |
| Rentals | 54,000 | 54,000 | - | - | 54,000 | 54,000 |
| Administrative recovery | 24,015 | 24,675 | - | - | 24,675 | 24,015 |
| Donations, interest and sundry | 82,800 | 6,796 | 33,879 | - | 40,675 | 113,587 |
| Other health services | 14,550 | 14,447 | - | - | 14,447 | 18,190 |
| Other programs (Note 8) | 284,485 | - | - | 217,452 | 217,452 | 250,286 |
| | 8,192,909 | 8,620,433 | 116,236 | 217,452 | 8,954,121 | 7,839,156 |
| Expenses (Schedule 1) | | | | | | |
| Administration and finance | 1,428,917 | 1,396,274 | - | - | 1,396,274 | 1,398,660 |
| Canwood clinic | 103,684 | 103,508 | - | - | 103,508 | 104,601 |
| Client services | 867,355 | 791,020 | - | - | 791,020 | 870,578 |
| Clinical program and services | 1,722,579 | 1,694,184 | - | - | 1,694,184 | 1,593,474 |
| Medical services | 2,425,762 | 2,428,058 | - | - | 2,428,058 | 2,217,204 |
| Program services and IT support | 600,985 | 600,149 | - | - | 600,149 | 607,421 |
| Other programs | 284,485 | - | - | 217,452 | 217,452 | 251,286 |
| Physical plant | 865,882 | 562,586 | 335,698 | - | 898,284 | 849,868 |
| CUPE incremental funding | 55,943 | - | - | - | - | - |
| | 8,355,592 | 7,575,779 | 335,698 | 217,452 | 8,128,929 | 7,893,092 |
| Excess (deficiency) of revenue over expenses | (162,683) | 1,044,654 | (219,462) | - | 825,192 | (53,936) |

The accompanying notes are an integral part of these financial statements

The Co-operative Health Centre
Statement of Changes in Fund Balances
For the year ended March 31, 2021

| | 2021 | | | | | | 2020 |
|--|--|---------------------|---|----------------------------------|---------------------|--------------|--------------|
| | <u>Operating Fund</u> | | <u>Capital Fund</u> | | | | <i>Total</i> |
| | <i>Externally Restricted – Health Funded Surplus</i> | <i>Unrestricted</i> | <i>Invested in Capital Assets</i> | <i>Internally Restricted</i> | <i>Unrestricted</i> | <i>Total</i> | |
| Fund balances beginning of year | 1,141,351 | 666,581 | 3,161,366 | 385,700 | 528,581 | 5,883,579 | |
| Excess (deficiency) of revenues over expenses | 911,059 | 133,595 | (335,698) | - | 116,236 | 825,192 | (53,936) |
| Purchase of capital assets | - | - | 393,087 | - | (393,087) | - | - |
| Interfund transfer (Note 11) | (374,746) | 18,091 | (5,755) | - | 362,410 | - | - |
| Fund balances, end of year | 1,677,664 | 818,267 | 3,213,000 | 385,700 | 614,140 | 6,708,771 | 5,883,579 |

The accompanying notes are an integral part of these financial statements

The Co-operative Health Centre

Statement of Cash Flows

For the year ended March 31, 2021

| | Operating Fund | Capital Fund | 2021 | 2020 |
|---|------------------|------------------|--------------------|------------------|
| Cash provided by (used for) the following activities | | | | |
| Operating | | | | |
| Excess (deficiency) of revenue over expenses | 1,044,654 | (219,462) | 825,192 | (53,936) |
| Amortization | - | 335,698 | 335,698 | 341,982 |
| Loss on disposal of capital assets | - | 1,999 | 1,999 | - |
| | 1,044,654 | 118,235 | 1,162,889 | 288,046 |
| Changes in working capital accounts | | | | |
| Accounts receivable | (7,738) | (3,900) | (11,638) | 1,507 |
| Inventory | 272 | - | 272 | 790 |
| Prepaid expenses and deposits | 7 | - | 7 | (38,544) |
| Trade payables | 48,738 | - | 48,738 | (13,935) |
| Deferred revenue | 97,879 | - | 97,879 | 25,926 |
| Funds held in trust | (8,774) | - | (8,774) | 21,931 |
| Accrued vacation pay | 54,562 | - | 54,562 | (5,410) |
| Accrued salaries | (1,361) | - | (1,361) | 9,939 |
| Ministry of Health | (757,195) | - | (757,195) | 305,131 |
| | 471,044 | 114,335 | 585,379 | 595,381 |
| Financing | | | | |
| Members' shares (net) | 390 | - | 390 | 395 |
| Investing | | | | |
| Increase in term deposits | (600,000) | - | (600,000) | (62,000) |
| Purchase of capital assets | - | (393,087) | (393,087) | (205,671) |
| Proceeds on disposal of capital assets | - | 3,756 | 3,756 | - |
| Purchase of investments | (400,000) | - | (400,000) | - |
| Proceeds on disposal of investments | 167,088 | - | 167,088 | 55,913 |
| | (832,912) | (389,331) | (1,222,243) | (211,758) |
| Interfund transfer | (356,654) | 356,654 | - | - |
| Increase (decrease) in cash resources | (718,132) | 81,658 | (636,474) | 384,018 |
| Cash resources, beginning of year | 1,796,067 | 893,482 | 2,689,549 | 2,305,531 |
| Cash resources, end of year | 1,077,935 | 975,140 | 2,053,075 | 2,689,549 |

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

The Co-operative Health Centre is a community sponsored not-for-profit, charitable organization incorporated under Part XXV of The Co-operatives Act of Saskatchewan. It provides health care services in Prince Albert, Saskatchewan and surrounding communities. The Health Centre is exempt from income taxes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

Fund accounting

The Health Centre follows the restricted fund method of accounting for contributions, and maintains 3 funds: Operating Fund, Capital Fund and Projects Fund.

The Operating Fund reflects the primary operations of The Co-operative Health Centre including revenues received for provision of health services from Ministry of Health and billings to patients and clients, the federal government and other agencies for patient services. Other revenue consists of donations, interest, recoveries and ancillary revenue designated for operations by the Board of Directors. Expenses are for the delivery of health services.

The Capital Fund is a restricted fund that reflects the revenues received from Ministry of Health or Co-operative Health Services Volunteers Foundation designated for the acquisition of capital assets. The Capital Fund also includes net ancillary revenues designated for capital purposes by the Board of Directors.

The Projects Fund reflects the revenues and expenses of other operating programs provided by the Health Centre that are funded separately or are not part of the primary operations.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Term deposits

Term deposits with maturities less than a year are recorded at cost. They have been classified as short-term assets in concurrence with the nature of the investment.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method.

Capital assets

Capital assets are recorded in the Capital Fund at cost. Cost is amortized over the useful life of the asset. Amortization has been taken on the straight line basis with economic life estimated at 20 years for building and parking lot, 16 years for building renovations, 5 to 8 years for furniture and equipment, 5 years for automotive equipment and 25 years for betterments.

Long-lived assets

Long-lived assets consist of capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Health Centre writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Health Centre's ability to provide services. The assets are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Health Centre determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

2. **Significant accounting policies** *(Continued from previous page)*

Investments

Long-term investments are portfolio investments recorded at cost. They have been classified as long-term assets in concurrence with the nature of the investment.

Revenue recognition

The Health Centre uses the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue of the Operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions for activities of the Operating Fund and Projects Fund are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the acquisition of capital assets are recorded in the Capital Fund in the year in which the contribution is received.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Deferred revenue is stated after management reviews the revenue recognition criteria impacting deferral of revenue and considers deferred revenue from prior years, funding received and qualifying expenses to calculate deferred revenue at year-end. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in excess of revenue over expenses in the period in which they become known.

Contributed materials

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Health Centre's operations and would otherwise have been purchased.

Financial instruments

The Health Centre recognizes its financial instruments when the Health Centre becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Health Centre may irrevocably elect to subsequently measure any financial instrument at fair value. The Health Centre has not made such an election during the year.

All financial assets and liabilities are subsequently measured at amortized cost. Transaction costs and financing fees are added to the carrying amount of these financial instruments.

Financial asset impairment:

The Health Centre assesses impairment of all of its financial assets measured at cost or amortized cost. The Health Centre groups assets for impairment testing when there are numerous assets affected by the same factors. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Health Centre determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Health Centre reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Health Centre reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of excess in the year the reversal occurs.

The Co-operative Health Centre
Notes to the Financial Statements
For the year ended March 31, 2021

3. Term deposits

| | 2021 | 2020 |
|--|-----------|---------|
| Measured at cost: | | |
| ScotiaMcLeod term deposits, maturities of less than one year | 1,625,000 | 960,000 |
| Conexus Credit Union term deposits, maturities of less than one year | 600,000 | - |
| | 2,225,000 | 960,000 |

4. Capital assets

| | Cost | Accumulated amortization | Net book value | 2020 Net book value |
|-------------|-----------|-----------------------------|-------------------|---------------------------|
| Land | 169,304 | - | 169,304 | 92,730 |
| Building | 5,260,302 | 2,865,794 | 2,394,508 | 2,567,055 |
| Automotive | 58,070 | 56,134 | 1,936 | 13,550 |
| Equipment | 2,558,208 | 2,194,035 | 364,173 | 365,822 |
| Parking lot | 173,311 | 3,611 | 169,700 | - |
| Betterments | 220,740 | 107,361 | 113,379 | 122,209 |
| | 8,439,935 | 5,226,935 | 3,213,000 | 3,161,366 |

5. Investments

| | 2021 | 2020 |
|---|---------|---------|
| Measured at cost: | | |
| Conexus Credit Union term deposits, maturities one year or longer | 400,000 | - |
| ScotiaMcLeod term deposits, maturities one year or longer | 43,000 | 875,088 |
| Federated Co-op | 100 | 100 |
| | 443,100 | 875,188 |

6. Authorized line of credit

An authorized line of credit of up to \$125,000 (2020 - \$125,000) is available at Conexus Credit Union with interest at prime plus 2%, \$nil (2020 - \$nil) is drawn. It is secured by a general security agreement and a mortgage on land with net book value of \$92,730 and building with net book value of \$2,394,508.

7. Trade payables

| | 2021 | 2020 |
|--------------------------|---------|---------|
| Trade payables | 123,300 | 128,922 |
| Source deductions | 43,302 | - |
| Great West Life premiums | 8,008 | 8 |
| PST payable | 3,392 | 334 |
| | 178,002 | 129,264 |

The Co-operative Health Centre
Notes to the Financial Statements
For the year ended March 31, 2021

8. Deferred contributions

Contributions are received from contributors who have restricted their use for operating purposes. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

| | 2021 | | | | |
|-------------------------------|-------------------------------------|----------------------------|-------------------------|------------------------------|-------------------------------|
| | Balance at beginning of year | Funding reallocated | Funding received | Recognized as revenue | Balance at end of year |
| Saskatchewan Health Authority | 121,255 | - | 272,685 | 217,452 | 176,488 |
| Ministry of Health | 454,988 | - | 14,934 | 33,458 | 436,464 |
| Volunteer Foundation | - | - | 61,170 | - | 61,170 |
| | 576,243 | - | 348,789 | 250,910 | 674,122 |

9. Funds held in trust

The Health Centre has funds held in trust for The Prince Albert & Area Alcohol Steering Committee in the amount of \$13,157 (2020 - \$21,931).

10. Members' shares

| | 2021 | 2020 |
|---|---------------|-------------|
| Authorized: | | |
| 50,000 shares with a par value of \$5 each | | |
| Issued | | |
| 5,511 shares (2020 – 5,433 shares) | 27,555 | 27,165 |

In accordance with Canadian accounting standards for not for profit organizations members' shares are presented as a liability because they are redeemable for a fixed amount under appropriate conditions.

11. Restricted fund balances

Operating Fund

Internally restricted

The Health Centre has placed restrictions of \$nil (2020 - \$nil) to be used in the Client Services portfolio.

Externally restricted

The Health Centre, in signing service agreements with Primary Health Services of the Ministry of Health of Saskatchewan, acknowledged that it has funds which have accrued to it through previous agreements which it has made with the Ministry and from additional revenues from other services. The Health Centre has agreed that it will not expend any portion of the Saskatchewan Health funds for any purpose other than as authorized in writing by the Department. In the current year the Ministry approved the use of \$374,746 for expenditures related to the five year capital plan.

The Ministry of Health funded surplus amount on the statement of operations is the adjustment to revenue recognized in the current year as a result of the settlement of the prior year's payable to the Ministry of Health. The amount is based on management's calculation of the surplus of global funds after all eligible expenditures have been incurred and it may be adjusted by the Ministry.

Capital Fund

Internally restricted

The Health Centre has placed restrictions on \$385,700 (2020 - \$385,700) to be used for future capital purchases and scholarship awards.

12. Non-Health related revenue

These are revenue and expenses that are not a result of Ministry of Health funding. The net amount of these are \$53,610 (2020 - \$57,891).

13. Budget information

These amounts are unaudited and represent the budget approved by the Board of Directors for total activity of the operating and capital funds.

14. Contingency - Funding Agreement

These financial statements are subject to review by Ministry of Health. It is possible that adjustments could be made to operating revenue based on the results of their review. Any adjustment to revenue will be reported in excess of revenue over expenses in the period it becomes known.

15. Economic dependence

The Health Centre's primary source of revenue is provided by the Ministry of Health. The funding can be cancelled if the Health Centre does not observe certain established guidelines. The Health Centre's ability to continue viable operations is dependent upon complying with guidelines to remain eligible to receive funding from the Ministry. The current funding agreement is in place until March 31, 2023. As at the date of these financial statements the Health Centre believes that it is in compliance with the criteria.

16. Financial instruments

The Health Centre, as part of its operations, carries a number of financial instruments. It is management's opinion that the Health Centre is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Health Centre is exposed to interest rate cash flow risk with respect to cash which is subject to a floating interest rate of 0.75%.

The Health Centre is exposed to interest rate price risk with respect to term deposits with fixed rates maturing in 2021 and 2022. Interest rates on those deposits range from 0.70% to 2.55%.

17. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. Public Health Orders resulted in operational changes in order to continue to operate through the pandemic. This included client and staff screening prior to entrance to the building, staggered appointment times to manage waiting room and provide social distancing, continuous masking for staff and clients, setting up staff to work from home, setting up health care providers to provide services virtually and over the phone in addition to in clinic appointments and enhancing cleaning practices.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Health Centre as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

18. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

The Co-operative Health Centre
Schedule 1 - Schedule of Expenses
For the year ended March 31, 2021

| | <i>Operating Fund</i> | <i>Capital Fund</i> | <i>Other Programs</i> | <i>2021</i> | <i>2020</i> |
|----------------------------------|-----------------------|---------------------|-----------------------|------------------|------------------|
| Expenses | | | | | |
| Salaries | 3,415,878 | - | 187,923 | 3,603,801 | 3,606,902 |
| Physicians contracts | 2,428,058 | - | - | 2,428,058 | 2,217,204 |
| Employee benefits | 510,839 | - | 29,099 | 539,938 | 522,441 |
| Amortization | - | 335,698 | - | 335,698 | 341,982 |
| Medical supplies | 245,509 | - | - | 245,509 | 273,336 |
| Computer | 168,305 | - | - | 168,305 | 146,035 |
| Building upkeep and maintenance | 156,022 | - | - | 156,022 | 153,258 |
| Utilities | 104,067 | - | - | 104,067 | 97,239 |
| Advertising | 82,469 | - | - | 82,469 | 75,859 |
| Equipment upkeep and maintenance | 80,619 | - | - | 80,619 | 74,579 |
| Professional fees | 57,769 | - | - | 57,769 | 52,834 |
| Insurance | 56,254 | - | - | 56,254 | 55,536 |
| Telephone | 49,748 | - | 430 | 50,178 | 35,896 |
| Bank charges and interest | 37,420 | - | - | 37,420 | 26,291 |
| Training and education | 35,344 | - | - | 35,344 | 33,908 |
| Board expense | 33,998 | - | - | 33,998 | 25,236 |
| Office supplies | 27,119 | - | - | 27,119 | 53,063 |
| Janitorial | 18,999 | - | - | 18,999 | 21,805 |
| Rent | 17,040 | - | - | 17,040 | 16,871 |
| Administrative | 11,757 | - | - | 11,757 | 16,786 |
| Vehicle | 11,024 | - | - | 11,024 | 9,944 |
| Staff relations | 10,821 | - | - | 10,821 | 13,172 |
| Postage | 9,737 | - | - | 9,737 | 11,784 |
| Office equipment lease | 4,462 | - | - | 4,462 | 4,884 |
| Travel | 1,701 | - | - | 1,701 | 4,468 |
| Property taxes | 820 | - | - | 820 | 779 |
| Scholarship award | - | - | - | - | 1,000 |
| | 7,575,779 | 335,698 | 217,452 | 8,128,929 | 7,893,092 |

The Co-operative Health Centre
Schedule 2 - Harm Reduction Program

For the year ended March 31, 2021

| | 2021 | 2020 |
|--|----------------|-------------|
| Revenue | 217,452 | 250,286 |
| Expenses | | |
| Salaries | 187,923 | 217,944 |
| Employee benefits | 29,099 | 31,374 |
| Telephone | 430 | 420 |
| Office supplies | - | 548 |
| | 217,452 | 250,286 |
| Excess of revenue over expenses | - | - |
