MORTON COMMUNITY HEALTHCARE CENTRE

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Morton Community Healthcare Centre

Opinion
We have audited the financial statements of Morton Community Healthcare Centre (the Centre), which comprise the statement of financial position as at December 31, 2022, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2022, 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 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 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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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.

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 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 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 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 30, 2023

MORTON COMMUNITY HEALTHCARE CENTRE

STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

	Operating Fund 2022 $	Capital Asset Fund 2022 $	Sustainability Fund 2022 $	Total 2022 $	Total 2021 $
ASSETS					
Current assets					
Cash (note 3)	55,251	-	97,251	152,502	122,859
Accounts receivable	3,544	-	-	3,544	-
HST receivable	5,431	-	-	5,431	55
Interfund balance	(15,896)	-	15,896	-	-
	48,330	-	113,147	161,477	122,914
Other assets					
Long-term investments (note 6)	-	-	652,299	652,299	883,267
Tangible capital assets (note 4)	-	2,110,875	-	2,110,875	2,240,267
	-	2,110,875	652,299	2,763,174	3,123,534
	48,330	2,110,875	765,446	2,924,651	3,246,448
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable and accrued liabilities	20,516	-	-	20,516	33,994
Fund balances					
Unrestricted	27,814	-	765,446	793,260	972,187
Internally restricted	-	2,110,875	-	2,110,875	2,240,267
	27,814	2,110,875	765,446	2,904,135	3,212,454
	48,330	2,110,875	765,446	2,924,651	3,246,448

MORTON COMMUNITY HEALTHCARE CENTRE

STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended December 31, 2022

	Operating Fund $	Capital Asset Fund $	Sustainability Fund $	Total 2022 $
Fund balances - beginning of year	6,928	2,240,267	965,259	3,212,454
Excess of revenue over expenses for the year	15,461	(179,715)	(144,065)	(308,319)
Transfer for purchase of tangible capital assets	-	50,323	(50,323)	-
Interfund transfer	5,425	-	(5,425)	-
Fund balances - end of year	27,814	2,110,875	765,446	2,904,135

	Operating Fund $	Capital Asset Fund $	Sustainability Fund $	Total 2021 $
Fund balances - beginning of year	(2,286)	2,418,617	684,295	3,100,626
Excess of revenue over expenses for the year	21,008	(190,144)	280,964	111,828
Transfer for purchase of tangible capital assets	(11,794)	11,794	-	-
Fund balances - end of year	6,928	2,240,267	965,259	3,212,454

MORTON COMMUNITY HEALTHCARE CENTRE

STATEMENT OF OPERATIONS
For the Year Ended December 31, 2022

	Operating Fund 2022 $	Capital Asset Fund 2022 $	Sustainability Fund 2022 $	Total 2022 $	Total 2021 $
Revenue					
Facility rentals	217,077	-	-	217,077	214,166
Parking fees	54,769	-	-	54,769	38,778
Investment income	-	-	31,297	31,297	25,399
Solar operations	11,510	-	-	11,510	11,252
Municipal property tax rebate	3,544	-	-	3,544	6,740
Donations	-	-	6,540	6,540	6,048
Total revenue	286,900	-	37,837	324,737	302,383
Expenses					
Amortization	-	179,715	-	179,715	190,144
Management fees	85,533	-	-	85,533	86,013
Repairs and maintenance	37,243	-	19,893	57,136	30,279
Utilities	45,604	-	-	45,604	38,816
Property taxes	28,640	-	-	28,640	28,437
Bloodletting room operations	29,818	-	-	29,818	29,993
Professional fees	15,494	-	-	15,494	33,607
Insurance	16,619	-	-	16,619	15,343
Office and supplies	8,874	-	-	8,874	4,230
Bank and investment fees	1,451	-	8,844	10,295	8,417
Advertising	2,163	-	-	2,163	2,003
Total expenses	271,439	179,715	28,737	479,891	467,282
Excess (deficiency) of revenue over expenses for the year before the following:	15,461	(179,715)	9,100	(155,154)	(164,899)
Realized gain (loss) on investments	-	-	(15,754)	(15,754)	73,204
Unrealized gain (loss) on investments	-	-	(143,023)	(143,023)	4,375
Unrealized gain (loss) on foreign exchange	-	-	5,612	5,612	(855)
Recovery of expenses	-	-	-	-	200,003
Excess (deficiency) of revenue over expenses for the year	15,461	(179,715)	(144,065)	(308,319)	111,828

The accompanying notes are an integral part of these financial statements

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MORTON COMMUNITY HEALTHCARE CENTRE

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

	2022 $	2021 $
CASH PROVIDED FROM (USED FOR):		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(308,319)	111,828
Items not affecting cash		
Amortization	179,715	190,144
Unrealized amounts in investments and foreign exchange	137,411	(3,520)
Realized loss (gain) on investments	15,754	(73,204)
	24,561	225,248
Changes in non-cash working capital items		
Accounts receivable	(3,544)	641
Prepaid expenses	-	509
HST receivable	(5,376)	1,204
Accounts payable and accrued liabilities	(13,478)	6,835
	(22,398)	9,189
Net increase in cash from operating activities	2,163	234,437
Investing activities		
Purchase of investments	(161,009)	(597,783)
Proceeds on disposal of investments	238,812	420,651
Purchase of tangible capital assets	(50,323)	(11,794)
Net increase/(decrease) in cash from investing activities	27,480	(188,926)
Increase in cash	29,643	45,511
Cash - beginning of year	122,859	77,348
Cash - end of year	152,502	122,859

1. NATURE OF OPERATIONS

Morton Community Healthcare Centre (hereinafter called the 'Centre') is a charitable organization incorporated under the Ontario Corporations Act without share capital on July 25, 2003. The purpose of the Centre is to operate a community health care centre by providing medical, health and support services for the general public located in the Township of Selwyn, Township of Douro-Dummer and the surrounding areas. The Centre filed Supplementary Letters of Patent on April 8, 2011 to change its name and objects. The Centre was formerly called the Lakefield Community Medical Support Foundation. The Centre received registered charity status effective April 8, 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. Significant aspects of the accounting policies are as follows:

(a) Fund Accounting

Morton Community Healthcare Centre reports on a fund accounting basis. The funds are maintained as follows:

(i) Operating fund - includes results of day-to-day operating transactions;

(ii) Capital asset fund - includes the assets, liabilities, revenues and expenses related to tangible capital assets; and

(iii) Sustainability fund - includes the assets, donations, investment income, gains, losses and fees related to the activities of the investments.

Transfers from the operating fund to the capital asset fund are for the purchase of tangible capital assets. Transfers from the sustainability fund to the operating fund are to fund operations.

(b) Recognition of Revenues

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 such as donations, parking fees, recovery of expenses and the municipal property tax rebate are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned.

Facility rentals and solar income are recognized as revenue as the services are provided.

(c) Income Taxes

The Centre qualifies as a charitable organization as defined by the Federal and Ontario Income Tax Acts (s 149) and, as such, is not subject to federal and provincial income taxes.

(d) Contributed Services

Volunteers contributed time to assist the Centre in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Financial Instruments

(i) Measurement

The Centre initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Centre subsequently measures its financial assets and financial liabilities at amortized cost, except for investments quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value are investments.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write-down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.

(f) Use of Estimates

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. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are accounts payable and the useful lives of capital assets and amortization.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Tangible Capital Assets

Tangible capital assets are recorded at cost. The Centre provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	- 25 years
Equipment	- 10 years
Solar equipment	- 20 years
Computer equipment	- 5 years
Parking and land improvement	- 12 years

Tangible capital assets are reviewed for impairment whenever events or conditions indicate that the assets no longer contribute to the Centre's ability to provide services or that the service potential of the assets are less than their net carrying amount. When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the asset is written down to the asset's fair value or replacement cost.

3. CASH

Cash held by the Centre consists of the following:

	2022 $	2021 $
Canadian investment cash account	65,202	24,108
U.S. investment cash account	29,114	15,688
Foundation account	2,935	36,520
Operating account	54,908	46,200
Change machine	343	343
	152,502	122,859

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Cost $	Accumulated Amortization $	Net Book Value 2022 $	Net Book Value 2021 $
Land	200,000	-	200,000	200,000
Building	3,602,686	1,728,248	1,874,438	1,971,152
Equipment	248,974	247,499	1,475	22,321
Solar equipment	66,000	37,950	28,050	31,350
Computer equipment	235,024	228,112	6,912	15,444
Parking and land improvements	151,839	151,839	-	-
	4,504,523	2,393,648	2,110,875	2,240,267

5. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. The Centre is not exposed to any significant credit or liquidity risks.

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Centre is exposed to currency risk as it has $134,031 (2021 - $168,965) in foreign cash and equity securities and bonds.

(b) Market risk

Market risk is the risk that the fair value or 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 exposed to interest rate and other price risks as it has a total of $746,615 (2021 - $923,063) in investments.

6. INVESTMENTS

The investments held by the Centre consist of domestic and foreign publicly traded shares and investments.