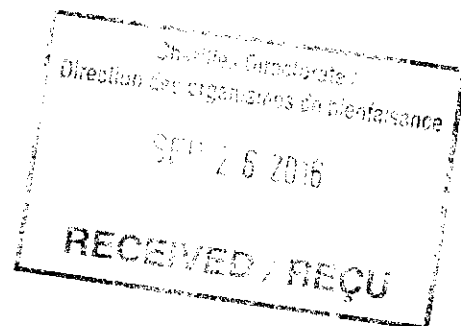


2016

**CENTRAL TORONTO COMMUNITY HEALTH CENTRES**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2016**

Independent Auditor's Report	Page 1
Balance Sheet	2
Statement of Operations and Net Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 to 12
Schedule A: Revenues and Expenses Toronto Central Local Health Integration Network	13
Schedule B: Revenues and Expenses Toronto Central Local Health Integration Network - Diabetes Program	14
Schedule C: Revenues, Expenses and Net Assets Other Activities	15
Schedule D: Unfunded Payroll Obligations	16



Clarke  
Henning  
LLP

10 Bay Street, Suite 801  
Toronto, Ontario  
Canada M5J 2R8  
Tel: (416) 364-4421  
Fax: (416) 367-8032  
Email: ch@clarkehenning.com

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND BOARD OF DIRECTORS OF  
CENTRAL TORONTO COMMUNITY HEALTH CENTRES

We have audited the accompanying financial statements of Central Toronto Community Health Centres which comprise the balance sheet as at March 31, 2016 and the statements of operations and 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 Central Toronto Community Health Centres as at March 31, 2016 and its financial performance 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

In accordance with the Corporations Act (Ontario), we report that the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*Clarke Henning LLP*

CHARTERED ACCOUNTANTS  
Licensed Public Accountants

Toronto, Ontario  
June 28, 2016

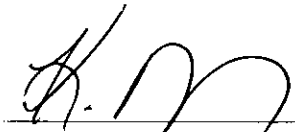
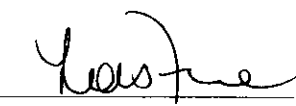
# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## BALANCE SHEET

AS AT MARCH 31, 2016

	2016	2015
<b>ASSETS</b>		
Current assets		
Cash and short-term deposit	\$ 441,689	\$ 485,534
Accounts receivable	255,258	152,894
Prepaid expenses	47,153	58,197
	<u>744,100</u>	<u>696,625</u>
Property and equipment (note 2)	4,117,948	4,267,666
	<u>4,862,048</u>	<u>4,964,291</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	364,379	281,765
Due to Toronto Central LHIN (note 4)	62,392	173,109
Deferred revenue	74,309	93,510
	<u>501,080</u>	<u>548,384</u>
Deferred capital contributions (note 3)	4,099,523	4,226,195
	<u>4,600,603</u>	<u>4,774,579</u>
<b>NET ASSETS</b>		
Unfunded payroll obligations (note 5 and Schedule D)	(141,102)	(176,943)
Other activities - unrestricted (Schedule C)	402,547	366,655
	<u>261,445</u>	<u>189,712</u>
	<u>\$ 4,862,048</u>	<u>\$ 4,964,291</u>

Approved on behalf of the Board:

 , Director     
  , Director  
 ARTHUR MYERS, Director      Lois Linn, Director

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## STATEMENT OF OPERATIONS AND NET ASSETS

YEAR ENDED MARCH 31, 2016

	2016	2015
<b>Revenues</b>		
Toronto Central LHIN core program funding ( <i>note 6a</i> )	\$ 6,676,170	\$ 6,565,472
Toronto Central LHIN program funding - Diabetes program ( <i>note 6b</i> )	213,200	206,744
Other grants/projects ( <i>note 7</i> )	501,765	577,164
Other activities and fundraising	267,610	185,977
Interest	1,854	3,674
Other income	138,354	145,710
	<b>7,798,953</b>	<b>7,684,741</b>
<b>Expenses</b>		
Salaries	5,276,917	5,305,155
Benefits and relief	1,052,103	1,047,061
General and operating	1,090,614	953,708
Occupancy costs	320,382	373,516
Depreciation	292,774	291,536
Amortization of deferred capital contributions	(269,729)	(268,491)
	<b>7,763,061</b>	<b>7,702,485</b>
Excess (deficiency) of revenues over expenses before the following:	<b>35,892</b>	<b>(17,744)</b>
(Decrease) increase in unfunded payroll obligations ( <i>note 5</i> )	<b>(35,841)</b>	<b>29,817</b>
Excess (deficiency) of revenues over expenses for the year	<b>71,733</b>	<b>(47,561)</b>
Net assets - at beginning of year	<b>189,712</b>	<b>237,273</b>
Net assets - at end of year	<b>\$ 261,445</b>	<b>\$ 189,712</b>

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2016

	2016	2015
Cash flows from operating activities		
Cash received from Toronto Central LHIN	\$ 6,778,653	\$ 6,780,271
Other grants/contributions received	482,564	475,418
Other income received	138,354	145,710
Interest received	1,854	3,674
Fundraising revenues received	267,610	185,977
Cash paid to employees and suppliers	(7,759,055)	(7,658,274)
	(90,020)	(67,224)
Cash flows from investing activities		
Capital assets funding received	143,057	38,796
Purchase of property and equipment	(96,882)	(413,928)
	46,175	(375,132)
Change in cash during the year	(43,845)	(442,356)
Cash and short-term deposit - at beginning of year	485,534	927,890
Cash and short-term deposit - at end of year	\$ 441,689	\$ 485,534

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2016

---

Central Toronto Community Health Centres ("Central Toronto") works as a resource to improve the health and quality of the life of the communities that Queen West and Shout each serve. Central Toronto achieves its mission through health promotion, harm reduction, education, community development, advocacy and through the provision of medical, nursing and dental counselling services.

Central Toronto is a not-for-profit organization incorporated without share capital under the laws of the Province of Ontario. It is also a registered charitable organization under the Income Tax Act (Canada), and, as such, is generally exempt from income taxes.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### *Basis of Presentation*

There are two segments of Central Toronto's operations - those funded by the Toronto Central Local Health Integration Network ("Toronto Central LHIN"), and other governments and organizations and those funded by Central Toronto itself. These financial statements present the combined results for the entire organization. For information purposes, revenues and expenses for these segments are presented separately in Schedules A to D.

#### *Financial Instruments*

Central Toronto initially measures its financial assets and liabilities at fair value. Central Toronto subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash and short-term deposit, accounts receivable, accounts payable and accrued liabilities and due to Toronto Central LHIN.

#### *Revenue Recognition*

##### *Contributions*

Central Toronto follows the deferral method of accounting for contributions which include donations, government grants and other contributions.

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.

Operating grants and restricted contributions are recorded as revenue in the year in which the related expenses are incurred. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

##### *Fundraising Revenues and Expenses*

Revenues and expenses from fundraising events are recorded in the period in which the event takes place.

##### *Interest and Other Income*

Interest and other income are recognized as earned and when services are provided.

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2016

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Revenue Recognition (continued)*

##### *Donations*

Donations and bequests are recorded when received. Donated goods and services are not recorded in the accounts, except when they are used in the normal course of business and when a fair value for such goods and services can be readily determined.

##### *Toronto Central LHIN - Financial Support*

Toronto Central LHIN provides financial support to Central Toronto on the basis of an approved operating budget for the year. These financial statements reflect approved funding arrangements with Toronto Central LHIN, together with estimated adjustments, if any, on year end settlement.

##### *Contributed Services*

Volunteers contribute significant amounts of time to assist Central Toronto in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

##### *Property and Equipment*

Property and equipment are recorded at cost and depreciated over their estimated useful lives on a straight line basis at the following annual rates:

Building	- 2.5%
Building improvements	- 10%
Office furniture and equipment	- 20%
Medical equipment	- 20%
Computer equipment	- 33.33%
Computer software	- 50%

Assets of \$2,500 or less are expensed in the year of acquisition.

The above rates are reviewed annually to ensure they are appropriate. Any changes are adjusted for on a prospective basis. If there is an indication that the assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount. There were no impairment indicators in 2016.

##### *Deferred Capital Contributions*

Externally restricted contributions for the purchase of property and equipment that will be depreciated or amortized are deferred and amortized over the life of the related assets. Externally restricted capital contributions that have not been expended are recorded as part of deferral capital contributions on the balance sheet.

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made difficult, complex or subjective judgments, often as a result of matters that are uncertain, include, among others, estimated useful lives for depreciation and amortization of property and equipment and other assets and liabilities valuation. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

### 2. PROPERTY AND EQUIPMENT

Details of property and equipment are as follows:

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	
			<i>2016</i>	<i>2015</i>
Land	\$ 764,234	\$ -	\$ 764,234	\$ 764,234
Building and building improvements	6,083,319	2,885,079	3,198,240	3,322,856
Furniture, fixtures and equipment	1,332,362	1,286,248	46,114	48,171
	8,179,915	4,171,327	4,008,588	4,135,261
Building improvements - Central Toronto funded	230,446	121,086	109,360	132,405
	\$ 8,410,361	\$ 4,292,413	\$ 4,117,948	\$ 4,267,666

During the fiscal year, Central Toronto entered into a contract with a supplier for the modernization of the elevator. The full contract cost of \$95,000 was included in building and building improvements and represents construction in progress. At March 31, 2016, progress payments totaling \$49,000 were paid to the supplier for work completed.



# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2016

### 3. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received and contributions received that have not been expended for the purchase of capital assets. The changes in deferred capital contributions are as follows:

	2016	2015
Balance - at beginning of year	\$ 4,226,195	\$ 3,961,598
Capital contributions received	143,057	442,153
Amortization of deferred capital contributions	(269,729)	(268,491)
	<b>4,099,523</b>	4,135,260
Amount related to sale of [REDACTED] for which approval granted by the Ministry of Health and Long-Term Care to retain for capital acquisitions	-	90,935
Balance - at end of year	<b>\$ 4,099,523</b>	\$ 4,226,195

### 4. DUE TO TORONTO CENTRAL LHIN

Details of amounts due to the Toronto Central LHIN are as follows:

	2016	2015
Toronto Central LHIN		
(a) Community Health Centre program	\$ 55,936	\$ 153,773
(b) Diabetes program	6,456	19,336
	<b>\$ 62,392</b>	\$ 173,109

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2016

### 4. DUE TO TORONTO CENTRAL LHIN (continued)

(a) Community Health Centre program details are as follows:

	2016	2015
Approved funding	\$ 6,888,155	\$ 6,647,955
Adjustments: capital assets funding	(143,057)	(38,796)
Total program funding for operations	6,745,098	6,609,159
Add: other income, including interest refundable	641,973	726,548
	7,387,071	7,335,707
Less: expenses eligible for program funding	7,318,143	7,292,020
Total amount refundable to Toronto Central LHIN	68,928	43,687
Amount recovered during the year	(42,809)	(13,870)
Amount refundable to Toronto Central LHIN for the year	26,119	29,817
Amount refundable - beginning of year	153,773	123,956
	179,892	153,773
Prior years amount recovered during the year	(123,956)	-
Amount refundable to Toronto Central LHIN - end of year	55,936	153,773
Details of amount repayable to Toronto Central LHIN are as follows:		
2013/2014	-	123,956
2014/2015	29,817	29,817
2015/2016	26,119	-
	\$ 55,936	\$ 153,773

(b) Diabetes program details are as follows:

	2016	2015
Approved funding	\$ 213,200	\$ 213,200
Less: expenses eligible for program funding	213,200	206,744
Excess of funding over expenses for the year	-	6,456
Amount refundable - at beginning of year	19,336	12,880
Prior year amount recovered during the year	(12,880)	-
Total amount refundable to Toronto Central LHIN	\$ 6,456	\$ 19,336

### 5. UNFUNDED PAYROLL OBLIGATIONS

Central Toronto has recorded certain payroll obligations, such as, accrued vacation pay, etc. in accordance with the accrual basis of accounting recommended by the Chartered Professional Accountants of Canada. It is the policy of Central Toronto's funders to fund such obligations when they are paid.

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2016

### 6. STATEMENT OF OPERATIONS

Details are as follows:

	2016	2015
(a) Approved funding - Toronto Central LHIN	\$ 6,888,155	\$ 6,647,955
Adjustments:		
Funding allocated for the purchase of capital assets	(143,057)	(38,796)
Amount refundable to Toronto Central LHIN (note 4a)	(68,928)	(43,687)
	<b>6,676,170</b>	<b>6,565,472</b>
(b) Approved funding - Diabetes Program	213,200	213,200
Adjustments:		
Amount refundable to Toronto Central LHIN (note 4b)	-	(6,456)
	<b>\$ 213,200</b>	<b>\$ 206,744</b>

### 7. OTHER GRANTS/PROJECTS

Included in other grants/projects are revenues and expenses for Hepatitis C Prevention, Support and Research Programs funded by the Public Health Agency of Canada as follows:

	2016	2015
Revenues		
Contribution from Public Health Agency of Canada	\$ 83,992	\$ 84,000
Expenses		
Salaries and benefits	67,308	65,571
Travel	3,787	3,789
Materials	7,897	7,922
Contractor	5,000	6,718
	<b>\$ 83,992</b>	<b>\$ 84,000</b>

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2016

---

### 8. FINANCIAL INSTRUMENTS AND RISK EXPOSURE

Central Toronto is exposed to various risks through its financial instruments. The following analysis provides a measure of the Central Toronto's risk exposure at the balance sheet date.

#### *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. Central Toronto's main credit risks relate to accounts receivable. Central Toronto is not exposed to significant credit risk.

#### *Liquidity Risk*

Liquidity risk is the risk that Central Toronto will encounter difficulty in meeting obligations associated with financial liabilities. Central Toronto is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, due to Toronto Central LHIN and commitments. Central Toronto expects to meet these obligations as they come due from operating grants it receives from its funders and generating cash flow from operations.

#### *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. Central Toronto is not exposed to significant currency, other price or interest rate risks.

### 9. LINE OF CREDIT

Central Toronto has a line of credit to a maximum of \$100,000. Any advances on this line of credit bear interest at bank prime rate plus .25% per annum and the interest is payable monthly. The line of credit is secured by cash held by the bank. There were no advances against the line of credit at March 31, 2016 or 2015.

### 10. LEASE COMMITMENTS

Central Toronto leases office equipment under leases which expire from September 2018 to December 2020. The minimum annual rental payments under the leases are as follows:

Year ending March 31, 2017	\$	23,561
2018		13,612
2019		3,663
2020		3,663
2021		916

# CENTRAL TORONTO COMMUNITY HEALTH CENTRES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2016

---

### 11. GUARANTEES AND INDEMNITIES

Central Toronto has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions in which they are sued as a result of their involvement with Central Toronto, if they acted honestly and in good faith with a view to the best interest of Central Toronto. Central Toronto has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, Central Toronto has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements and purchase contracts. In these agreements, Central Toronto agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of Central Toronto. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated.

**CENTRAL TORONTO COMMUNITY HEALTH CENTRES**

**REVENUES AND EXPENSES**

**TORONTO CENTRAL LOCAL HEALTH INTEGRATION NETWORK  
- COMMUNITY HEALTH CENTRE PROGRAM**

**SCHEDULE A**

**YEAR ENDED MARCH 31, 2016**

	<b>2016</b>	<b>2015</b>
Revenues		
Toronto Central LHIN Program funding for operations <i>(note 4a)</i>	<b>\$ 6,745,098</b>	\$ 6,609,159
Interest income	<b>1,854</b>	3,674
Grants/other projects	<b>501,765</b>	577,164
Other	<b>138,354</b>	145,710
	<b>7,387,071</b>	7,335,707
Expenses		
Salaries	<b>5,010,548</b>	5,064,713
Benefits and relief	<b>999,444</b>	998,794
Occupancy costs	<b>320,382</b>	373,516
Operating	<b>987,769</b>	854,997
	<b>7,318,143</b>	7,292,020
Excess of revenues over expenses for the year before the following	<b>68,928</b>	43,687
Amount recovered during the year	<b>(42,809)</b>	(13,870)
	<b>26,119</b>	29,817
Amount refundable to Toronto Central LHIN	<b>(26,119)</b>	(29,817)
Surplus for the year	<b>\$ -</b>	\$ -

**CENTRAL TORONTO COMMUNITY HEALTH CENTRES**

**REVENUES AND EXPENSES**

**TORONTO CENTRAL LOCAL HEALTH INTEGRATION NETWORK  
- DIABETES PROGRAM**

**SCHEDULE B**

**YEAR ENDED MARCH 31, 2016**

	<b>2016</b>	<b>2015</b>
Revenues		
Toronto Central LHIN - Diabetes Program <i>(note 4b)</i>	<b>\$ 213,200</b>	\$ 213,200
Expenses		
Salaries	<b>129,483</b>	126,541
Benefits	<b>31,546</b>	28,050
Operating expenses	<b>52,171</b>	52,153
	<b>213,200</b>	206,744
Excess of revenues over expenses for the year, being amount refundable to the Toronto Central LHIN	<b>\$ -</b>	\$ 6,456

**CENTRAL TORONTO COMMUNITY HEALTH CENTRES**

**REVENUES, EXPENSES AND NET ASSETS  
OTHER ACTIVITIES**

**SCHEDULE C**

**YEAR ENDED MARCH 31, 2016**

	<b>2016</b>	<b>2015</b>
Revenues		
Grants and contributions	\$ 262,634	\$ 174,226
Fundraising	4,976	11,751
	<b>267,610</b>	<b>185,977</b>
Expenses		
Salaries	<b>136,886</b>	113,901
Benefits	<b>21,113</b>	20,217
Operating	<b>50,674</b>	46,558
Depreciation	<b>23,045</b>	23,045
	<b>231,718</b>	<b>203,721</b>
Excess (deficiency) of revenues over expenses for the year	<b>35,892</b>	<b>(17,744)</b>
Net assets - at beginning of the year	<b>366,655</b>	<b>384,399</b>
Net assets - at end of the year	<b>\$ 402,547</b>	<b>\$ 366,655</b>



**CENTRAL TORONTO COMMUNITY HEALTH CENTRES**

**UNFUNDED PAYROLL OBLIGATIONS**

**SCHEDULE D**

**YEAR ENDED MARCH 31, 2016**

	<b>2016</b>	<b>2015</b>
Unfunded payroll obligations - at beginning of year	\$ 176,943	\$ 147,126
(Decrease) increase in unfunded payroll obligations	<b>(35,841)</b>	29,817
Unfunded payroll obligations - at end of year	<b>\$ 141,102</b>	<b>\$ 176,943</b>