

DRAFT Consolidated Financial Statements of

**MIDDLESEX-LONDON HEALTH UNIT
MARCH 31ST PROGRAMS**

Year ended March 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Chair and Members, Middlesex-London Board of Health

We have audited the accompanying consolidated financial statements of Middlesex-London Health Unit March 31st Programs, which comprise the consolidated balance sheet as at March 31, 2017, the consolidated statement of operations and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of Middlesex-London Health Unit March 31st Programs as at March 31, 2017 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

September 21, 2017

London, Canada

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

Consolidated Balance Sheet

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March 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Prepaid expenses	\$ 22,392	\$ 11,855
Due from Middlesex-London Health Unit	79,189	109,361
	<u>\$ 101,581</u>	<u>\$ 121,216</u>

Liabilities

Current liabilities:		
Due to funding agencies (note 3)	\$ 42,182	\$ 53,248
Deferred revenue	59,399	67,968
	<u>\$ 101,581</u>	<u>\$ 121,216</u>

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Middlesex-London Health Unit:

Mr. Jesse Helmer, Chair
Board of Health

Dr. Christopher Mackie, MD, MHSC, CCFP, FRCPC
Chief Executive Officer and Medical Officer of Health

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

Consolidated Statement of Operations

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Year ended March 31, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
Revenue:			
Programs revenue, funding agencies (note 4)	\$ 3,517,367	\$ 3,517,368	\$ 3,422,292
Interest income	-	449	570
Other income	97,948	97,993	57,978
	<u>3,615,315</u>	<u>3,615,810</u>	<u>3,480,840</u>
Expenditures:			
Personnel costs:			
Salaries and wages	656,386	639,523	713,442
Contract services	1,967,436	1,956,330	1,935,722
Allocated benefits	564,472	577,300	558,834
	<u>3,188,294</u>	<u>3,173,153</u>	<u>3,207,998</u>
Operating costs:			
Office and supplies	12,318	13,945	11,708
Office equipment, computers	2,520	2,381	3,755
Professional development	4,150	1,567	1,433
Travel	31,230	32,623	30,489
Public awareness	1,249	1,241	3,324
Program resources	181,882	193,736	132,841
Audit	5,163	6,452	6,561
Rent	59,438	56,644	58,483
Board fees and expenses	20	-	500
Telephone	21,051	18,482	16,140
Equipment	107,000	107,281	-
Equipment maintenance	1,000	6,648	-
	<u>427,021</u>	<u>441,000</u>	<u>265,234</u>
Net surplus (note 2)	-	1,657	7,608
Due to funding agencies, beginning of year (note 3)	-	53,248	66,155
Repayments during the year	-	(12,723)	(20,515)
Due to funding agencies, end of year (note 3)	\$ -	\$ 42,182	\$ 53,248

The accompanying notes are an integral part of these consolidated financial statements.

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

Consolidated Statement of Cash Flows

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Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Net surplus	\$ 1,657	\$ 7,608
Changes in non-cash operating working capital:		
Prepaid expenses	(10,537)	300
Deferred revenue	(8,659)	10,559
	<u>(17,449)</u>	<u>18,467</u>
Financing activities:		
Due from Middlesex-London Health Unit (note 3)	30,172	2,048
Repayments to funding agencies	(12,723)	(20,515)
	<u>17,449</u>	<u>(18,467)</u>
Change in cash, being cash, end of year	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

DRAFT Notes to Consolidated Financial Statements

Year ended March 31, 2017

The Middlesex-London Health Unit March 31st Programs (the "Programs") are 100% funded by the Province of Ontario, the Government of Canada, and Public Health Ontario and is delivered by Public Health Units in partnership with local and social service agencies.

1. Significant accounting policies:

(a) Basis of accounting:

Revenue and expenditures are reported using the accrual basis of accounting with the exception of employees' sick leave and vacation benefits which are charged against operations in the year in which they are paid.

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Government transfers not received at year end are recorded as grants receivable due from the related funding organization in the consolidated balance sheet.

(b) Capital assets:

The historical cost and accumulated amortization of capital assets are not recorded in the consolidated financial statements. Capital asset additions and the related grant income are reflected in the consolidated statement of operations as incurred and earned respectively.

(c) Deferred revenue:

Funds received for expenses of future periods are deferred and recognized as income when the costs for which the revenue is received are incurred.

(d) Use of estimates:

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards 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 consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

1. Significant accounting policies (continued):

(e) Government transfers:

The Middlesex-London Health Unit March 31st Programs has implemented Public Sector Accounting Board ("PSAB") Section 3410 – Government Transfers as of April 1, 2013. The standard discusses what the criteria are for a government transfer, recognition of the transferring and recipient governments, eligibility criteria/stipulations within the transfer, and presentation and disclosure information related to the government transfer. In accordance with the transitional guidance included within the standard, this change has been applied prospectively. There were no changes to the consolidated financial statements as a result of the implementation of this standard.

2. Surplus repayments:

The Programs funding agreements with funding agencies (the "Agencies"), provide for repayment of any Programs surpluses to the Agencies. Programs deficits are the responsibility of the Programs and must be funded through efficiencies in future years. As such, surpluses net of any deficits from prior years are recorded on the consolidated balance sheet as accounts payable to the Agencies.

3. Due to funding agencies:

Due to funding agencies consists of the following:

	2017	2016
Ministry of Children and Youth Services:		
Blind-low vision	\$ 267	\$ 239
Preschool speech and language	761	525
<u>Infant hearing</u>	186	154
	1,215	918
Ministry of Health and Long-Term Care:		
Healthy communities	-	12,723
<u>Panorama project</u>	-	-
	-	12,723
Public Health Ontario:		
Library shared services	39,415	38,119
Government of Canada:		
Smart start for babies	1,552	1,488
	\$ 42,182	\$ 53,248

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

4. Program revenue, funding agencies:

Program revenue, funding agencies consists of the following:

	2017	2016
Ministry of Children and Youth Services:		
Blind-low vision	\$ 166,102	\$ 158,702
Preschool speech and language	1,830,374	1,818,374
Infant hearing	977,807	835,886
	<u>2,974,283</u>	<u>2,812,962</u>
Ministry of Health and Long-Term Care:		
Healthy communities	-	-
Panorama project	129,700	203,900
	<u>129,700</u>	<u>203,900</u>
Public Health Ontario:		
Library shared services	111,527	107,475
Government of Canada:		
Smart start for babies	152,430	152,430
FoodNet Canada program	149,428	145,525
	<u>301,858</u>	<u>297,955</u>
	<u>\$ 3,517,368</u>	<u>\$ 3,422,292</u>

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

DRAFT Schedule - Consolidated Balance Sheet

Year ended March 31, 2017

	Blind-low Vision	Preschool speech and language	Infant hearing	Smart Start for babies	Library shared services	Total
Balance Sheet:						
Assets:						
Receivable from Middlesex-London Health Unit	\$ 267	\$ 58,389	\$ 186	\$ (19,069)	\$ 39,416	\$ 79,189
Prepaid expenses	1,772	-	-	20,620	-	22,392
Total assets	\$ 267	\$ 60,161	\$ 186	\$ 1,551	\$ 39,416	\$101,581
Liabilities:						
Due to funding agencies	\$ 267	\$ 761	\$ 186	\$ 1,551	\$ 39,416	\$42,182
Deferred Revenue	-	59,399	-	-	-	59,399
Total liabilities	\$ 267	\$ 60,161	\$ 186	\$ 1,551	\$ 39,416	\$101,581

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

DRAFT Schedule - Consolidated Statement of Operations

Year ended March 31, 2017

	Blind-low Vision	Preschool speech and language	Infant hearing	Smart start for babies	Healthy communities	Panorama project	Library shared services	FoodNet Canada program	Total
Revenues:									
Program revenue, Funding agencies	\$166,102	\$1,830,374	\$977,807	\$152,430	\$ -	\$129,700	\$111,527	\$149,428	\$3,517,368
Interest income	28	236	32	63	-	-	89	-	449
Other income	-	52,112	45,836	-	-	-	45	-	97,993
	166,130	1,882,722	1,023,676	152,493	-	129,700	111,661	149,428	3,615,810
Expenditures:									
Personnel costs:									
Salaries and wages	11,765	168,380	130,077	55,388	-	105,736	60,599	107,577	639,523
Contract services	106,033	1,269,953	563,117	14,227	-	-	-	3,000	1,956,330
Allocated benefits	31,110	356,639	110,538	12,380	-	23964	14,015	28,653	577,300
Total salaries, wages and benefits	148,909	1,794,972	803,732	81,996	-	129,700	74,615	139,230	3,173,153
Services and supplies:									
Office and supplies	-	5,708	7,999	120	-	-	48	-	13,945
Office Equipment, computers	1,661	-	720	-	-	-	-	-	2,381
Professional development	-	879	-	-	-	-	689	-	1,568
Travel	8,251	9,220	11,108	1,990	-	-	261	1793	36,623
Public awareness and promotion	-	1,241	-	-	-	-	-	-	1,241
Program resources and supplies	5739	5,5760	72,689	66,667	-	-	34,720	8,161	193,737
Audit	1,542	1,712	1,610	1,588	-	-	-	-	6,451
Rent	-	47,029	9,615	-	-	-	-	-	56,644
Telephone	-	15,964	2,242	-	-	-	32	244	18,482
Equipment	-	-	113,928	-	-	-	-	-	113,928
Total services and supplies	17,193	87,514	219,912	70,434	-	-	35,750	10,198	441,000
Total expenditures	166,102	1,882,486	1,023,643	152,429	-	129,700	110,364	149,428	3,614,153
Net surplus (deficit) (note 2)	28	236	32	63	-	-	1,296	-	1,657
Due to funding agencies, beginning of year (note 3)	239	525	154	1,488	12,723	-	38,119	-	53,248
Repayments, during the year	-	-	-	-	(12,723)	-	-	-	(12,723)
Due to funding agencies, end of year (note 3)	\$ 267	\$ 761	\$ 186	\$ 1,551	\$0	\$ -	\$ 39,415	\$ -	\$ 42,182