



Grant Thornton

Financial Statements

Alexandra Community Health Centre

March 31, 2019



Grant Thornton

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Independent Auditor's Report

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To the Board of Directors of Alexandra Community Health Centre

Opinion

We have audited the financial statements of Alexandra Community Health Centre ("The Alex"), which comprise the statement of financial position as at March 31, 2019, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alexandra Community Health Centre as at March 31, 2019, 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 Alex 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.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 16 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2018 has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing The Alex'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Alex'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.

Calgary, Canada
June 24, 2019


Chartered Professional Accountants

Alexandra Community Health Centre

Statement of Financial Position

As at March 31, 2019

2019

2018

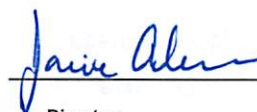
| | General Funds | | | Capital Fund | Total | Total (Restated - Note 16) |
|---|----------------|---------------------|------------|--------------|------------|-------------------------------|
| | Operating Fund | Sustainability Fund | Total | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Assets | | | | | | |
| Current | | | | | | |
| Cash and cash equivalents | 3,109,837 | - | 3,109,837 | - | 3,109,837 | 2,949,307 |
| Restricted cash (Note 3) | 444,912 | - | 444,912 | - | 444,912 | 5,306,408 |
| Investments (Note 4) | 1,717,483 | - | 1,717,483 | - | 1,717,483 | 1,000,000 |
| Restricted investments (Note 4) | - | 5,251,200 | 5,251,200 | 687,045 | 5,938,246 | 697,200 |
| Accounts receivable (Note 5) | 906,139 | - | 906,139 | - | 906,139 | 686,156 |
| Prepaid expenses | 70,162 | - | 70,162 | - | 70,162 | 11,936 |
| | 6,248,533 | 5,251,200 | 11,499,733 | 687,045 | 12,186,779 | 10,651,007 |
| Deposits | 75,020 | - | 75,020 | - | 75,020 | 76,063 |
| Tangible capital assets (Note 6) | - | - | - | 999,685 | 999,685 | 1,105,527 |
| | 6,323,553 | 5,251,200 | 11,574,753 | 1,686,730 | 13,261,484 | 11,832,597 |
| Liabilities | | | | | | |
| Current | | | | | | |
| Accounts payable and accrued liabilities | 2,631,216 | - | 2,631,216 | - | 2,631,216 | 1,769,602 |
| Obligation under rental lease agreement (Note 7) | - | - | - | - | - | 75,849 |
| | 2,631,216 | - | 2,631,216 | - | 2,631,216 | 1,845,451 |
| Deferred contributions (Note 8) | 1,381,760 | - | 1,381,760 | - | 1,381,760 | 1,208,117 |
| Designated contributions - donations (Note 9) | 2,310,577 | 2,200,000 | 4,510,577 | - | 4,510,577 | 4,483,943 |
| Externally restricted contributions for Children's Health Program (Note 11) | - | 585,000 | 585,000 | - | 585,000 | 585,000 |
| | 6,323,553 | 2,785,000 | 9,108,553 | - | 9,108,553 | 8,122,511 |
| Net Assets | | | | | | |
| Invested in tangible capital assets | - | - | - | 999,685 | 999,685 | 1,105,527 |
| Internally restricted | - | 2,466,200 | 2,466,200 | 687,045 | 3,153,245 | 2,604,559 |
| | - | 2,466,200 | 2,466,200 | 1,686,730 | 4,152,930 | 3,710,086 |
| | 6,323,553 | 5,251,200 | 11,574,753 | 1,686,730 | 13,261,484 | 11,832,597 |

Commitments (Note 15)

On behalf of the Board of Directors



Director



Director

Alexandra Community Health Centre

Statement of Operations and changes in Net Assets

Year ended March 31

2019

2018

| | General Funds | | | Capital Fund | Total | Total (Restated - Note 16) |
|---|-------------------|---------------------|-------------------|------------------|-------------------|----------------------------------|
| | Operating Fund | Sustainability Fund | Total | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue | | | | | | |
| Calgary Homeless Foundation | 9,677,093 | - | 9,677,093 | - | 9,677,093 | 9,614,859 |
| Provincial Government | 9,059,746 | - | 9,059,746 | - | 9,059,746 | 8,760,690 |
| Municipal Government | 389,511 | - | 389,511 | - | 389,511 | 307,834 |
| Federal Government | 157,796 | - | 157,796 | - | 157,796 | 40,075 |
| United Way | 591,850 | - | 591,850 | - | 591,850 | 511,466 |
| Grants | 1,189,930 | - | 1,189,930 | - | 1,189,930 | 855,500 |
| Donations | 1,268,808 | - | 1,268,808 | 111,242 | 1,380,049 | 504,193 |
| Other revenue | 933,484 | - | 933,484 | - | 933,484 | 1,080,046 |
| Interest income | 161,266 | - | 161,266 | - | 161,266 | 95,672 |
| | <u>23,429,484</u> | <u>-</u> | <u>23,429,484</u> | <u>111,242</u> | <u>23,540,725</u> | <u>21,770,335</u> |
| Expenses | | | | | | |
| Salaries, wages and benefits | 11,817,250 | - | 11,817,250 | - | 11,817,250 | 10,078,701 |
| Professional fees and contracted services | 5,276,840 | - | 5,276,840 | - | 5,276,840 | 5,089,035 |
| Programs and supplies | 2,279,853 | - | 2,279,853 | - | 2,279,853 | 2,293,546 |
| Homeless Housing Society of Calgary (Note 13) | 1,436,100 | - | 1,436,100 | - | 1,436,100 | 1,380,600 |
| Facilities | 1,205,034 | - | 1,205,034 | - | 1,205,034 | 1,019,592 |
| Office and administration | 645,784 | - | 645,784 | - | 645,784 | 508,480 |
| Amortization | - | - | - | 351,508 | 351,508 | 355,461 |
| Insurance | 100,414 | - | 100,414 | - | 100,414 | 91,612 |
| | <u>22,761,275</u> | <u>-</u> | <u>22,761,275</u> | <u>351,508</u> | <u>23,112,782</u> | <u>20,817,027</u> |
| Excess (deficiency) of revenues over expenses before other items | <u>668,209</u> | <u>-</u> | <u>668,209</u> | <u>(240,266)</u> | <u>427,943</u> | <u>953,308</u> |
| Other Items | | | | | | |
| Gain (loss) on disposal of capital assets (Note 6) | - | - | - | 14,900 | 14,900 | (77,584) |
| Moving expenses | - | - | - | - | - | (55,755) |
| Excess (deficiency) of revenues over expenses | <u>668,209</u> | <u>-</u> | <u>668,209</u> | <u>(225,366)</u> | <u>442,843</u> | <u>819,969</u> |
| Net assets - beginning of year | - | 1,997,991 | 1,997,991 | 1,712,096 | 3,710,087 | 2,890,117 |
| Transfer to Sustainability Fund | (468,209) | 468,209 | - | - | - | - |
| Transfer to Capital Fund | (200,000) | - | (200,000) | 200,000 | - | - |
| Net assets - end of the year | <u>-</u> | <u>2,466,200</u> | <u>2,466,200</u> | <u>1,686,730</u> | <u>4,152,930</u> | <u>3,710,086</u> |

Alexandra Community Health Centre

Statement of Cash Flows

| As at March 31, 2019 | 2019 | 2018 |
|---|--------------------|----------------------|
| | \$ | \$ |
| | | (Restated - Note 16) |
| Operating | | |
| Excess of revenues over expenses | 442,843 | 819,969 |
| Items not affecting cash | | |
| Amortization of tangible capital assets | 351,508 | 355,461 |
| (Gain) Loss on disposition of tangible capital assets | (14,900) | 77,584 |
| | <u>779,451</u> | <u>1,253,014</u> |
| Change in non-cash working capital items | | |
| Restricted cash | 4,861,496 | (4,128,997) |
| Accounts receivable | (219,983) | (120,053) |
| Prepaid expenses | (58,226) | 210,828 |
| Deposits | 1,043 | 61,392 |
| Accounts payable and accrued liabilities | 861,614 | 245,014 |
| Obligation under rental lease agreement | (75,849) | (78,748) |
| Deferred contributions | 173,643 | (207,457) |
| Designated contributions - donations | 26,634 | 2,246,859 |
| | <u>6,349,823</u> | <u>(518,148)</u> |
| Investing | | |
| Purchase of tangible capital assets | (245,664) | (601,757) |
| Proceeds from disposition of tangible capital assets | 14,900 | 6,350 |
| Purchase of investments (net) | (5,958,529) | (1,713) |
| | <u>(6,189,293)</u> | <u>(597,120)</u> |
| Increase (decrease) in cash and cash equivalents | 160,530 | (1,115,268) |
| Cash and cash equivalents | | |
| Beginning of year | <u>2,949,307</u> | <u>4,064,574</u> |
| End of year | <u>3,109,837</u> | <u>2,949,307</u> |

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2019

1. Nature of operations

Alexandra Community Health Centre ('The Alex') is a registered charitable organization operating under the Societies Act of the Province of Alberta. The Alex is changing how we look at health care in Calgary. Its health, housing and community programs support our most vulnerable neighbours, tackling tough health and social issues head-on. Using a multi-disciplinary team approach, The Alex focuses its care on assessment, intervention and promotion of all aspects of health. The Alex embraces a model of health care that is accessible, responsive and participatory. In addition to the Community Health Centre, The Alex operate a Seniors Health Centre, a Youth Health Centre, two Mobile Community Health Buses, a Dental Health Bus, four Housing First programs, a Community Food Centre and a variety of community based programs.

The Alex is a registered charity under the Income Tax Act and as such is exempt from 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 (note 13).

2. Significant accounting policies

Basis of Presentation

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

Change in accounting policy

The Alex changed its method of accounting from the deferral method to the restricted fund method of accounting for contributions to provide more relevant information. The changes have been made retroactively and the comparative year's financial statements have been restated as described in Note 16.

Fund accounting

The Alex accounts for its activities using the following funds:

The Operating Fund accounts for The Alex's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants required for ongoing operations.

The Sustainability Fund accounts for both restricted and unrestricted resources that are intended to sustain the existence and ensure the continuing activities of The Alex and/or existing programs. Funds may be utilized to support operating deficits and future projects at management's discretion. Interest earned on these funds will support ongoing operations. It includes unrestricted operating surpluses and externally restricted funds retained to ensure long term sustainability of specific programs.

The Capital Fund reports the assets, liabilities, revenues, expenses, gains and losses related to The Alex's tangible capital assets.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2019

2. Significant accounting policies (continued)

Revenue recognition

The Alex follows the restricted fund method of accounting for contributions.

Restricted contributions received for future operating expenses are initially recorded as deferred contributions or designated contributions - donations, and recognized in revenue of the operating fund as the related expenses are incurred. Unrestricted contributions are recognized as revenue of the Operating Fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions related to capital activities are recognized as revenue of the capital fund when received, or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Other contributions and other revenues include non-government grants, donations and other community support received for The Alex's programs and services.

Donated material and services

Each year, volunteers contribute hundreds of hours which support the delivery of The Alex's programs. Due to the difficulty of determining or otherwise estimating the value of 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 value is reasonably determinable and when they would normally be purchased and paid for by The Alex if not donated. During fiscal 2019, \$13,368 (2018 - \$39,135) of contributed services and materials were recorded in these financial statements.

Cash & cash equivalents

Cash and cash equivalents are comprised of cash on hand, balances with banks, and investments with maturity dates of not more than 90 days from purchase date. Investments are carried at fair market value.

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at estimated fair value at the date of contribution to the extent that fair value can be reasonably estimated. The Alex provides for amortization at rates designed to amortize the cost of tangible capital assets over their estimated useful lives on a straight-line basis as follows:

| | |
|------------------------|-----------------|
| 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, 2019

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.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. 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 Alex 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 signifying 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.

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 year. Actual results could differ from those estimates.

Items subject to significant management estimate include the collectability of accounts receivable, 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.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2019

2. Significant accounting policies (continued)

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 Alex.

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.

3. Restricted cash

Restricted cash balances are comprised of cash balances externally restricted for specific programs in the amount of \$444,912 (2018 - \$501,849) and funds internally restricted by the Board of Directors of \$nil (2018 - \$119,524). The remaining amount of \$nil (2018 - \$4,685,035) is restricted under the mandate of the Capital and Sustainability Funds.

4. Investments and restricted investments

As at March 31, 2019, The Alex's investments and restricted investments are held in Notice Demand Savings Accounts, with an interest rate of 2.3% and 2.5% per annum and a minimum withdrawal notice period of 30 to 90 days respectively. Cash held in these accounts are classified as investments on the statement of financial position as this is held for the purposes of investment and not for meeting short term cash commitments.

At March 31, 2018, The Alex's investments and restricted investments consisted of Guaranteed Investment Certificates with interest rates of 0.85% to 2.00% per annum, which have matured on December 2018, February 2019 and March 2019.

Restricted investments include \$585,000 (2018 - \$585,000) restricted by the City of Calgary for the purpose of funding the Dental Health Program (see Note 11) and \$nil (2018 - \$112,200) to guarantee credit cards as required by the bank. The remaining amount of \$4,666,200 (2018 - \$nil) under the General Funds are restricted under the Sustainability Fund mandate, of which \$2,200,000 is restricted to the Community Food Centre (Note 9). For restricted investments under the Capital Fund, please refer to Note 10

5. Accounts receivable

Included in accounts receivable is \$44,726 (2018 - \$33,766) of government remittances recoverable.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2019

6. Tangible capital assets

| | | | <u>2019</u> | <u>2018</u> |
|------------------------|---------------------|-------------------------------------|---------------------------|---------------------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net Book Value</u> | <u>Net Book Value</u> |
| Furniture and fixtures | \$ 369,098 | \$ 146,218 | \$ 222,880 | \$ 234,659 |
| Computers | 573,882 | 553,354 | 20,528 | 94,829 |
| Clinic equipment | 187,563 | 102,485 | 85,078 | 78,361 |
| Leasehold improvements | 1,184,181 | 599,528 | 584,653 | 669,910 |
| Mobile health buses | 513,381 | 513,381 | - | - |
| Vehicles | 328,122 | 241,576 | 86,546 | 27,768 |
| | <u>\$ 3,156,227</u> | <u>\$ 2,156,542</u> | <u>\$ 999,685</u> | <u>\$ 1,105,527</u> |

During the year, The Alex has written off assets with a net book value of \$nil (2018 - \$77,377) as they were no longer in use.

7. Obligation under rental lease agreement

The Alex entered into a new agreement for renting office space with an effective date of August 1, 2017. However, The Alex also had 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, all of which has been expensed in fiscal 2017 and 2018.

8. Deferred contributions

| | | |
|-----------------------|---------------------|---------------------|
| Provincial Government | \$ 463,610 | \$ 555,645 |
| Municipal Government | 409,354 | 89,975 |
| Federal Government | - | 32,121 |
| Grants | 396,205 | 319,500 |
| Others | 112,591 | 210,876 |
| | <u>\$ 1,381,760</u> | <u>\$ 1,208,117</u> |

Deferred contributions represents externally restricted amounts received through government and other contracts that have not yet been spent. These amounts are restricted to various programs of The Alex.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2019

9. Designated contributions - donations

Designated contributions – donations in the operating fund includes donations designated for particular programs that have not yet been spent. Designated contributions – donations in the sustainability fund includes \$2.2M that has been allocated to the Sustainability Fund that is intended to ensure the long term sustainability of our Community Food Centre. Interest from these restricted funds will support the ongoing operations of this program.

10. Restricted funds under capital assets

Included in the Capital Fund are internally restricted funds of \$687,045, of which \$200,000 is internally restricted for the purchase of a Community Health Bus, and \$487,045 is internally restricted for leasehold improvements.

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

In 2013, The Alex received a contribution of \$585,000 from the City of Calgary for the purpose of funding The Alex'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 Alex have the right to demand repayment of the grant with six months' notice. The grant had an original term of ten years.

If The Alex is not in default of its obligations under the grant after the initial ten year term expires, the grant will automatically be renewed for successive ten year terms unless The Alex 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 Children's Dental Health Program. Any interest which is not used to fund this program is required to be reinvested into the grant principal. As of March 31, 2019 and 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>2019</u> | <u>2018</u> |
|--|-------------|-------------|
| Amounts paid as remuneration to employees whose principal duties involve fundraising | \$ 235,281 | \$ 63,294 |
| Total direct expenses for soliciting contributions | 46,282 | 42,426 |

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2019

13. 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 Alex as the Society is under common management on account of rent paid for clients of The Alex.

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

| | 2019 (Audited) | 2018 (Unaudited) |
|---|--------------------|---------------------|
| Total assets | \$ 641,375 | \$ 547,733 |
| Total liabilities | (195,965) | (86,824) |
| | <u>\$ 445,410</u> | <u>\$ 460,909</u> |
| Contributed by The Alex | \$ 1,436,100 | \$ 1,380,600 |
| Revenues | <u>988,748</u> | <u>1,228,482</u> |
| | 2,424,848 | 2,609,082 |
| Expenses | <u>(2,440,349)</u> | <u>(2,510,646)</u> |
| (Deficiency) excess of revenues over expenses | <u>\$ (15,501)</u> | <u>\$ 98,436</u> |

Contributions to the Society by The Alex in the fiscal year ended March 31, 2019 amounted to \$1,436,100 (2018 - \$1,380,600) and are included in the statement of revenue and 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.

14. Financial instruments

The Alex is exposed to various risks through its financial instruments. The following analysis provides a measure of The Alex's risk exposures and concentrations at March 31, 2019.

(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 Alex's main credit risks relate to its cash, restricted cash, investments, restricted investments and accounts receivable. The Alex mitigates its exposure to credit risk by placing its cash with major financial institutions and by investing in low risk securities consistent with The Alex'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. The Alex also does not have a concentration of credit exposure with any one donor. As such, credit risk is considered low.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2019

14. Financial instruments (continued)

(b) Liquidity risk

Liquidity risk is the risk that The Alex will encounter difficulty in meeting the obligations associated with its financial liabilities. The Alex 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 Alex'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 Alex 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 Alex is not exposed to significant interest rate fluctuations, except through the interest earned on its investments in guaranteed investment certificates, which is fairly limited.

15. Commitments

The Alex has operating lease commitments on property over the next five years are as follows:

| | |
|------|--------------|
| 2020 | \$ 1,006,987 |
| 2021 | 734,390 |
| 2022 | 702,710 |
| 2023 | 712,261 |
| 2024 | 706,597 |

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2019

16. Prior period adjustment

The financial statements for the prior year have been retroactively restated for the change in accounting policy from the deferral method to the restricted fund method of accounting for contributions to provide more relevant information. In addition, the prior year financial statements have been corrected for contributions that were unrestricted and included in deferred contributions. These amounts have been recognized into opening net assets in the aggregate amount of \$1,447,771. The following outlines the balances that have been restated:

| | 2018 As previously stated | Adjustments | 2018 As restated |
|---|------------------------------------|--------------|---------------------|
| Statement of financial position | | | |
| Deferred contributions related to tangible capital assets | \$ 816,726 | \$ (816,726) | \$ - |
| Deferred contributions and designated contributions - donations | 7,139,831 | (1,447,771) | 5,692,060 |
| Unrestricted net assets | 915,074 | (915,074) | - |
| Internally restricted net assets | 119,524 | 2,485,035 | 2,604,559 |
| Net assets invested in tangible capital assets | 410,991 | 694,536 | 1,105,527 |
| Statement of operations | | | |
| Amortization of deferred contributions related to tangible capital assets | \$ 357,496 | \$ (357,496) | \$ - |
| Donations | 120,112 | 384,081 | 504,193 |
| Other revenue | 593,001 | 487,045 | 1,080,046 |
| Total revenue | 21,256,704 | 513,632 | 21,770,335 |
| Excess of revenues over expenses | 306,337 | 513,632 | 819,969 |
| Statement of cash flows | | | |
| Excess of revenues over expenses | \$ 306,337 | \$ 513,632 | \$ 819,969 |
| Amortization of deferred capital contributions related to tangible capital assets | 357,496 | (357,496) | - |
| Deferred contributions and designated contributions - donations | 2,754,357 | (714,955) | 2,039,402 |
| Deferred contributions related to tangible capital assets | 156,172 | (156,172) | - |

17. Comparative figures

Certain comparative figures in deferred contributions, revenue and expenses have been reclassified to conform to the financial statement presentation adopted in the current year.