

TRI-AREA MEDICAL CENTRE BOARD
FINANCIAL STATEMENTS
AT DECEMBER 31, 2010

DRAFT

**TRI-AREA MEDICAL CENTRE BOARD
FINANCIAL STATEMENTS
AT DECEMBER 31, 2010**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Tri-Area Medical Centre Board

Report on the Financial Statements

We have audited the accompanying financial statements of the Tri-Area Medical Centre Board, which comprise the statement of financial position as at December 31, 2010, the statements of operations and change in unrestricted fund balance 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 generally accepted accounting principles, and for such internal controls as management determines are necessary to enable the preparation of 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 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 auditors' 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 controls 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 controls. 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, these financial statements present fairly, in all material respects, the financial position of the Tri-Area Medical Centre Board as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
May 11, 2011

TRI-AREA MEDICAL CENTRE BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2010

	2010 \$	2009 \$
ASSETS		
Current		
Cash	80,150	-
Accounts receivable	20,216	-
Prepaid expenses	912	1,384
	101,278	1,384
Capital Assets		
Land	-	4,290
Landscaping and parking area	-	2,870
Building	-	92,486
Furniture and equipment	189,337	189,337
	189,337	288,983
Accumulated amortization	99,619	143,727
	89,718	145,256
	190,996	146,640
LIABILITIES AND FUND BALANCES		
Liabilities		
Deferred contributions related to capital assets (Note 3)	41,648	70,286
Due to Municipality of Centre Hastings	82,313	62,730
	123,961	133,016
Fund Balances		
Unrestricted	67,035	13,624
	190,996	146,640

The accompanying notes are an integral part of this financial statement.

TRI-AREA MEDICAL CENTRE BOARD
**STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED FUND BALANCE
For The Year Ended December 31, 2010**

	2010 \$	2009 \$
Revenue		
Rent - building and equipment	34,831	44,575
Donations and fundraising	22,968	-
Municipal Contributions		
- Centre Hastings	131,681	42,492
- Tudor and Cashel	3,941	6,994
- Madoc	66,996	21,500
Gain on sale of capital assets	121,892	-
Deferred contributions	18,226	-
	400,535	115,561
Expenditure		
Nurse practitioner contract	983	15,069
Custodial contract	31,671	22,176
Repairs and maintenance	26,343	4,334
Utilities	18,232	20,160
Administration and miscellaneous costs	14,420	9,042
Insurance	6,953	3,482
Professional fees	2,988	12,292
Municipal taxes	3,232	3,724
Supplies	3,834	10,469
Contribution to Municipality of Centre Hastings (Note 4)	226,450	33,465
	335,106	134,213
Excess Of Revenue Over Expenditure (Expenditure Over Revenue) For The Year Before Amortization And Transfer	65,429	(18,652)
Amortization Of Deferred Contributions	10,412	8,820
Amortization Of Capital Assets	(22,430)	(19,132)
Transfer From Restricted Fund	-	-
Excess Of Revenue Over Expenditure (Expenditure Over Revenue) For The Year	53,411	(28,964)
Opening Unrestricted Fund Balance	13,624	42,588
Closing Unrestricted Fund Balance	67,035	13,624

The accompanying notes are an integral part of this financial statement.

TRI-AREA MEDICAL CENTRE BOARD
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2010

	2010 \$	2009 \$
Cash Flow From (Used In) Operating Activities		
Excess of revenue over expenditure	53,411	(28,964)
Amortization of deferred contributions	(10,412)	(8,820)
Amortization of capital assets	22,430	19,132
Gain on disposal of capital assets	(121,892)	-
Deferred contributions	(18,226)	-
	(74,689)	(18,652)
Changes in non-cash working capital accounts:		
Accounts receivable	(20,216)	-
Prepaid expenses	472	(428)
Due from Municipality of Centre Hastings	19,583	61,220
Deferred contributions	18,226	41,174
Cash Generated Through Operating Activities	(74,850)	83,314
Cash Flow From (Used In) Investing Activities		
Proceeds on disposal of capital assets	155,000	-
Net purchase of furniture and equipment	-	(83,314)
	155,000	(83,314)
Change In Cash	80,150	-
Cash, Beginning Of Year	-	-
Cash, End Of Year	80,150	-

The accompanying notes are an integral part of this financial statement.

TRI-AREA MEDICAL CENTRE BOARD**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2010**

NOTE 1: NATURE OF THE ORGANIZATION

The Tri-area Medical Centre Board is incorporated without share capital under the laws of Ontario, its activities to be carried on without the purpose of gain for its members. The Centre provides a building for use as a medical centre for the residents of the Municipality of Centre Hastings and the Townships of Madoc and Tudor and Cashel.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Revenue Recognition**

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 are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Funding received for the purchase of capital assets is deferred and recognized as revenue in an amount equal to the annual amortization expense.

Income Taxes

The Centre is a non-profit charitable organization as defined by the Federal and Ontario Income Tax Acts and, as such, is not subject to Federal and Provincial income taxes.

Capital Assets

Capital assets are recorded at cost and are amortized on a declining basis using 4% for landscaping and parking area, 5% for building and 20% for furniture and equipment.

Management Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year.

Financial Instruments

The Centre's financial instrument consists of the amount due to the Municipality of Centre Hastings. The carrying value of the financial instrument approximates its fair value due to its immediate or short-term maturity. The Centre does not have any significant concentration of credit risk.

TRI-AREA MEDICAL CENTRE BOARD

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2010

NOTE 3: DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions represent funding received for the acquisition and improvement of the building, landscaping and parking area and equipment. Any specific revenue is deferred in the year it is received. Revenue is recognized at the same amount as the amortization recorded on the related assets.

Continuity of balance is as follows:

	2010 \$	2009 \$
Opening balance	70,286	37,932
Contribution from Central Hastings Family Health Team	-	41,174
Deferred contributions related to capital asset disposal	(18,226)	-
Amortization of capital assets	(10,412)	(8,820)
Closing balance	41,648	70,286

NOTE 4: COMMITMENT

The Board has committed to contribute a total of \$1,350,000 toward the construction of the new Tri-Area Medical Centre which is owned by the Municipality of Centre Hastings. The construction of the building was completed in 2009 and was financed through the Municipality of Centre Hastings by a \$300,000 loan from Community Futures Development Corporation and a \$1,600,000 debenture advance from Ontario Infrastructure Projects Corporation. As part of the commitment, the Board has agreed to repay the Municipality of Centre Hastings principal and interest on the \$300,000 loan from Community Futures Development Corporation, \$200,000 of the \$1,600,000 debenture advance from Ontario Infrastructure Projects Corporation and \$250,000 of the construction cost overruns on the project. The loan from Community Futures Development Corporation is repayable in monthly instalments of \$1,667.67 plus interest at 3% and is due January 1, 2014. Interest on the loan is deferred until the Medical Centre is in a positive cash flow position. The advance from Ontario Infrastructure Projects Corporation bears interest at the OIPC floating advance interest rate. Principal repayments will be determined once the debenture is issued. The \$250,000 financed through the Municipality of Centre Hastings bears interest at 5% per annum. There are no fixed terms of repayment; however it is to be repaid through a yearly levy to the supporting municipalities being the Municipality of Centre Hastings and the Townships of Madoc and Tudor and Cashel.

TRI-AREA MEDICAL CENTRE BOARD

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2010**

NOTE 4: **COMMITMENT** - (Continued)

The Medical Centre intends to collect and generate revenue from donations and fundraising and from rental income at the new facility.

The contribution to the Municipality of Centre Hastings included on the statement of operations includes the following:

	\$
Principal repayments to Community Futures Development Corporation	20,000
Contributions from participating municipalities toward the \$250,000 construction cost overruns financed by the Municipality of Centre Hastings	75,000
Interest on construction cost financed by the Municipality of Centre Hastings	24,594
Transfers from fundraising account to the Municipality of Centre Hastings	97,535
Interest payments on Ontario Infrastructure Projects Corporation debenture	4,630
Principal payments on Ontario Infrastructure Projects Corporation debenture	4,691
	226,450