

AGASSIZ MEDICAL CENTRE BOARD INC.

Financial Statements

Year Ended December 31, 2018

AGASSIZ MEDICAL CENTRE BOARD INC.
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Year Ended December 31, 2018

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of AGASSIZ MEDICAL CENTRE BOARD INC.

We have reviewed the accompanying financial statements of AGASSIZ MEDICAL CENTRE BOARD INC. which comprise the statement of financial position as at December 31, 2018 and the statements of operations, changes in surplus 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.

Practitioner's Responsibility for the Financial Statements

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of AGASSIZ MEDICAL CENTRE BOARD INC. as at December 31, 2018, 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.

Krahn Friesen Neufeld

Morden, MB
June 24, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

AGASSIZ MEDICAL CENTRE BOARD INC.
Statement of Financial Position
December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 247,519	\$ 154,068
Accounts receivable	2,500	-
Goods and services tax recoverable	1,589	1,451
	<u>251,608</u>	155,519
PROPERTY AND EQUIPMENT <i>(Note 5)</i>	<u>161,829</u>	184,310
	<u>\$ 413,437</u>	<u>\$ 339,829</u>
LIABILITIES AND SURPLUS		
CURRENT		
Accounts payable	\$ 6,943	\$ 5,028
Current portion of obligations under capital lease <i>(Note 6)</i>	12,383	11,209
Current portion of deferred contributions <i>(Note 7)</i>	3,157	6,833
	<u>22,483</u>	23,070
OBLIGATIONS UNDER CAPITAL LEASE <i>(Note 6)</i>	<u>28,689</u>	41,072
DEFERRED CONTRIBUTIONS <i>(Note 7)</i>	<u>95,342</u>	26,458
	<u>146,514</u>	90,600
SURPLUS	<u>266,923</u>	249,229
	<u>\$ 413,437</u>	<u>\$ 339,829</u>

AGASSIZ MEDICAL CENTRE BOARD INC.**Statement of Operations****Year Ended December 31, 2018**

	2018	2017
REVENUE		
Grant - City of Morden (<i>Note 8</i>)	\$ 30,000	\$ 30,000
Donation - Agassiz Physicians Medical Corporation	30,000	30,000
Donations	15,718	37,202
Grant - Rural Municipality of Stanley (<i>Note 8</i>)	15,000	15,000
Amortization of deferred income	3,157	6,833
Repayment of relocation grant	2,500	-
Interest income	1,284	278
	97,659	119,313
EXPENSES		
Advertising and promotion	-	213
Amortization	41,232	41,947
Clinic development	134	-
Fundraising	12,848	10,176
Insurance	3,271	3,078
Interest and bank charges	20	6
Interest on obligations under capital lease	4,724	5,814
Medical tools and supplies	970	2,120
Office	11,519	3,977
Professional fees	4,043	3,348
Repairs and maintenance	1,204	1,132
Telephone lease	-	2,307
	79,965	74,118
EXCESS OF REVENUE OVER EXPENSES	\$ 17,694	\$ 45,195

AGASSIZ MEDICAL CENTRE BOARD INC.
Statement of Changes in Surplus
Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
SURPLUS - BEGINNING OF YEAR	\$ 249,229	\$ 204,034
Excess of revenue over expenses	<u>17,694</u>	<u>45,195</u>
SURPLUS- END OF YEAR	<u>\$ 266,923</u>	<u>\$ 249,229</u>

AGASSIZ MEDICAL CENTRE BOARD INC.

Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Cash receipts from donor and government contributions	\$ 158,946	\$ 132,435
Cash paid to suppliers	(32,074)	(27,543)
Interest received	1,284	278
Interest paid	(4,744)	(5,820)
	<hr/>	<hr/>
Cash flow from operating activities	123,412	99,350
INVESTING ACTIVITY		
Purchase of property and equipment	(18,752)	(32,741)
	<hr/>	<hr/>
FINANCING ACTIVITIES		
Repayment of obligations under capital lease	(11,209)	(10,119)
	<hr/>	<hr/>
Cash flow used by financing activities	(11,209)	(10,119)
INCREASE IN CASH FLOW	93,451	56,490
Cash - beginning of year	154,068	97,578
	<hr/>	<hr/>
CASH - END OF YEAR	\$ 247,519	\$ 154,068

AGASSIZ MEDICAL CENTRE BOARD INC.

Notes to Financial Statements

Year Ended December 31, 2018

(Unaudited)

1. DESCRIPTION OF BUSINESS

Agassiz Medical Centre Board Inc. (the "company") was incorporated in Manitoba and is a registered charity. The company was created with the purpose of assisting in the provision of a community owned medical clinic. Further, the company has agreed to administer all funds, loan proceeds, grants and donations for the benefit of the community owned medical clinic, with all proceeds used to purchase equipment and furnishings for the sole use by the clinic and in the assistance with recruiting new doctors to the community.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO). ASNFPO are a part of Canadian generally accepted accounting principles ("GAAP").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The company follows the deferral method of accounting for 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.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions received for the purchase of equipment are deferred and amortized into revenue over the same amortization period as the related equipment.

Property and equipment

Property and equipment are stated at cost or deemed cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives on a straight-line basis at the following rates:

Office and medical equipment - 5 year	5 years
Assets under capital lease	5 years
Office and medical equipment - 10 year	10 years
Building improvements	30 years

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

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AGASSIZ MEDICAL CENTRE BOARD INC.

Notes to Financial Statements

Year Ended December 31, 2018

(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian ASNFPO requires management to make estimates and assumptions that affect the reported amount 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 period. Estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Equipment carrying value is an estimate of its fair value. Accounts receivable carrying value is an estimate of collectable contributions. Actual results could differ from these estimates.

Financial instruments policy

The company carries various financial instruments and measures financial assets and financial liabilities on the balance sheet when they become a party to the contractual provisions of a financial instrument. The company subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash and receivables.

Financial liabilities measured at amortized cost on a straight-line basis include trade and other payables and deferred contributions.

4. FINANCIAL INSTRUMENTS

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of December 31, 2018.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its receipt of funds from its donors and other related sources, obligations under capital leases, and accounts payable.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Office and medical - 5 year	\$ 336,001	\$ 301,164	\$ 34,837	\$ 38,411
Office and medical - 10 year	310,460	268,875	41,585	45,929
Capital lease asset	62,400	24,960	37,440	49,920
Building improvements	62,482	14,515	47,967	50,050
	<u>\$ 771,343</u>	<u>\$ 609,514</u>	<u>\$ 161,829</u>	<u>\$ 184,310</u>

AGASSIZ MEDICAL CENTRE BOARD INC.

Notes to Financial Statements

Year Ended December 31, 2018

(Unaudited)

6. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2018</u>	<u>2017</u>
National Leasing lease bearing interest at 10.54% per annum, repayable in monthly blended payments of \$1,328. The lease matures on December 3, 2021 and is secured by a computer server.	\$ 41,072	\$ 52,281
Amounts payable within one year	<u>(12,383)</u>	<u>(11,209)</u>
	<u>\$ 28,689</u>	<u>\$ 41,072</u>

Future minimum capital lease payments are approximately:

2019	\$ 15,933
2020	15,933
2021	<u>15,933</u>
Total minimum lease payments	47,799
Less: amount representing interest at 10.54%	<u>6,727</u>
Present value of minimum lease payments	41,072
Less: current portion	<u>12,383</u>
	<u>\$ 28,689</u>

7. DEFERRED CONTRIBUTIONS

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 33,291	\$ 22,643
Restricted contributions	68,366	17,481
Amortization - teaching room	-	(3,900)
Amortization - thrift store asset contributions fall 2017	(968)	(967)
Amortization - AED	(515)	(515)
Amortization - thrift store asset contributions spring 2017	(460)	(460)
Amortization - teen clinic equipment	(321)	(321)
Amortization - bilirubin checker	(250)	(250)
Amortization - imagery processing	(247)	(247)
Amortization - digital scale	(224)	-
Amortization - baby scale	(173)	(173)
Current portion of deferred contributions	<u>(3,157)</u>	<u>(6,833)</u>
	<u>\$ 95,342</u>	<u>\$ 26,458</u>

8. GOVERNMENT GRANTS

The company has received grants from rural governments for general operations. The City of Morden grants amounted to \$30,000 (2017: \$30,000). Rural Municipality of Stanley grant amounted to \$30,000 (2017: \$15,000). There are no requirements for repayment.