

AGASSIZ MEDICAL CENTRE BOARD INC.

Financial Statements

Year Ended December 31, 2019

AGASSIZ MEDICAL CENTRE BOARD INC.
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Year Ended December 31, 2019

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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. (the Company) that comprise the statement of financial position as at December 31, 2019, 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 (ASNPO), 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

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 the financial statements do not present fairly, in all material respects, the financial position of AGASSIZ MEDICAL CENTRE BOARD INC. as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Krahn Friesen Neufeld

Morden, MB
July 14, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS

AGASSIZ MEDICAL CENTRE BOARD INC.

Statement of Financial Position

December 31, 2019

| | 2019 | 2018 |
|--|-------------------|------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 745,124 | \$ 247,519 |
| Accounts receivable | 15,000 | 2,500 |
| Goods and services tax recoverable | 2,425 | 1,589 |
| | 762,549 | 251,608 |
| PROPERTY AND EQUIPMENT <i>(Note 5)</i> | 179,433 | 161,829 |
| | \$ 941,982 | \$ 413,437 |
| LIABILITIES AND SURPLUS | | |
| CURRENT | | |
| Accounts payable | \$ 3,856 | \$ 6,943 |
| Current portion of obligations under capital lease <i>(Note 6)</i> | 13,680 | 12,383 |
| | 17,536 | 19,326 |
| OBLIGATIONS UNDER CAPITAL LEASE <i>(Note 6)</i> | 15,009 | 28,689 |
| DEFERRED CONTRIBUTIONS <i>(Note 7)</i> | 645,946 | 98,499 |
| | 678,491 | 146,514 |
| SURPLUS | 263,491 | 266,923 |
| | \$ 941,982 | \$ 413,437 |

AGASSIZ MEDICAL CENTRE BOARD INC.**Statement of Operations****Year Ended December 31, 2019**

| | 2019 | 2018 |
|---|-------------------|-------------|
| REVENUE | | |
| Grant - City of Morden | \$ 45,000 | \$ 30,000 |
| Donation - Agassiz Physicians Medical Corporation | 30,000 | 30,000 |
| Donations | 16,130 | 15,718 |
| Grant - Rural Municipality of Stanley | 15,000 | 15,000 |
| Interest income | 9,622 | 1,284 |
| Amortization of deferred income | 4,007 | 3,157 |
| Repayment of relocation grant | - | 2,500 |
| | 119,759 | 97,659 |
| EXPENSES | | |
| Amortization | 41,143 | 41,232 |
| Clinic development | 2,544 | 133 |
| Fundraising | 25,626 | 12,848 |
| Insurance | 3,825 | 3,271 |
| Interest and bank charges | 108 | 20 |
| Interest on obligations under capital lease | 3,476 | 4,724 |
| Medical tools and supplies | 2,400 | 970 |
| Office | 19,691 | 11,520 |
| Professional fees | 4,307 | 4,043 |
| Relocation and recruitment | 20,000 | - |
| Repairs and maintenance | 71 | 1,204 |
| | 123,191 | 79,965 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | \$ (3,432) | \$ 17,694 |

AGASSIZ MEDICAL CENTRE BOARD INC.

Statement of Changes in Surplus

Year Ended December 31, 2019

| | 2019 | 2018 |
|------------------------------------|-------------------|-------------------|
| SURPLUS - BEGINNING OF YEAR | \$ 266,923 | \$ 249,229 |
| Excess of revenue over expenses | <u>(3,432)</u> | <u>17,694</u> |
| SURPLUS - END OF YEAR | \$ 263,491 | \$ 266,923 |

AGASSIZ MEDICAL CENTRE BOARD INC.

Statement of Cash Flows

Year Ended December 31, 2019

| | 2019 | 2018 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Cash receipts from donor and government contributions | \$ 644,248 | \$ 158,946 |
| Cash paid to suppliers | (81,552) | (32,074) |
| Interest received | 9,622 | 1,284 |
| Interest paid | (3,584) | (4,744) |
| Cash flow from operating activities | <u>568,734</u> | <u>123,412</u> |
| INVESTING ACTIVITY | | |
| Purchase of property and equipment | <u>(58,746)</u> | <u>(18,752)</u> |
| FINANCING ACTIVITY | | |
| Repayment of obligations under capital lease | <u>(12,383)</u> | <u>(11,209)</u> |
| INCREASE IN CASH FLOW | 497,605 | 93,451 |
| Cash - beginning of year | <u>247,519</u> | <u>154,068</u> |
| CASH - END OF YEAR | <u>\$ 745,124</u> | <u>\$ 247,519</u> |

AGASSIZ MEDICAL CENTRE BOARD INC.

Notes to Financial Statements

Year Ended December 31, 2019

(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 is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a straight-line basis at the following rates and methods:

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

The Company regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Effective January 1, 2019 the Company applied Section 4433: Tangible Capital Assets held by not-for-profit organizations, which includes the requirement to consider the componentization of assets when determining useful life for the purpose of recording amortization expense. The Company has elected to apply the standard on a prospective basis for any new assets put into use after the date of adoption of the new standard.

(continues)

AGASSIZ MEDICAL CENTRE BOARD INC.

Notes to Financial Statements

Year Ended December 31, 2019

(Unaudited)

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

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.

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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. 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 following analysis provides information about the Company's risk exposure and concentration as of December 31, 2019.

(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.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant other risks arising from these financial instruments.

AGASSIZ MEDICAL CENTRE BOARD INC.

Notes to Financial Statements

Year Ended December 31, 2019

(Unaudited)

5. PROPERTY AND EQUIPMENT

| | Cost | Accumulated amortization | 2019 Net book value | 2018 Net book value |
|------------------------------|-------------------|-----------------------------|------------------------------------|---------------------------|
| Office and medical - 5 year | \$ 371,296 | \$ 319,194 | \$ 52,102 | \$ 34,837 |
| Office and medical - 10 year | 324,126 | 277,425 | 46,701 | 41,585 |
| Capital lease asset | 62,400 | 37,440 | 24,960 | 37,440 |
| Building improvements | 72,267 | 16,597 | 55,670 | 47,967 |
| | \$ 830,089 | \$ 650,656 | \$ 179,433 | \$ 161,829 |

6. OBLIGATIONS UNDER CAPITAL LEASE

| | 2019 | 2018 |
|---|------------------|-----------|
| National Leasing lease bearing interest at 10.54% per annum, repayable in monthly blended payments of \$1,346. The lease matures on December 3, 2021 and is secured by a computer server. | \$ 28,689 | \$ 41,072 |
| Amounts payable within one year | (13,680) | (12,383) |
| | \$ 15,009 | \$ 28,689 |

Future minimum capital lease payments are approximately:

| | |
|--|------------------|
| 2020 | \$ 15,933 |
| 2021 | 15,933 |
| Total minimum lease payments | 31,866 |
| Less: amount representing interest at 10.54% | 3,177 |
| Present value of minimum lease payments | 28,689 |
| Less: current portion | 13,680 |
| | \$ 15,009 |

AGASSIZ MEDICAL CENTRE BOARD INC.

Notes to Financial Statements

Year Ended December 31, 2019

(Unaudited)

7. DEFERRED CONTRIBUTIONS

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|------------------|
| Balance, beginning of year | \$ 98,499 | \$ 33,291 |
| Restricted contributions | 566,455 | 68,366 |
| Amortization - thrift store asset contributions fall 2017 | (968) | (968) |
| 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) | (224) |
| Amortization - baby scale | (173) | (173) |
| Amortization - ultrasound | (850) | - |
| Amortization - return of service contract | (15,000) | - |
| | <u>\$ 645,946</u> | <u>\$ 98,499</u> |

8. GOVERNMENT GRANTS

The Company has received grants from rural governments for general operations. The City of Morden grants amounted to \$125,000 (2018:\$30,000). Rural Municipality of Stanley grant amounted to \$30,000 (2018: \$30,000). There are no requirements for repayment.

9. RECENT DEVELOPMENTS

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including that of the Company. At this time it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business.
