

MENZIES MEDICAL CENTRE BOARD INC.

Financial Statements

Year Ended December 31, 2021

MENZIES MEDICAL CENTRE BOARD INC.

Index to Financial Statements

Year Ended December 31, 2021

	Page
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Deficit	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 10

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of MENZIES MEDICAL CENTRE BOARD INC.

We have reviewed the accompanying financial statements of MENZIES MEDICAL CENTRE BOARD INC. (the organization) that comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in deficit 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 MENZIES MEDICAL CENTRE BOARD INC. as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Krahn Friesen Neufeld

CHARTERED PROFESSIONAL ACCOUNTANTS

Morden, MB
March 29, 2022

MENZIES MEDICAL CENTRE BOARD INC.**Statement of Financial Position****December 31, 2021**

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 370,587	\$ 411,875
Term deposits (Note 5)	25,000	-
Accounts receivable	4,500	2,040
Goods and services tax recoverable	2,273	40,944
	<u>402,360</u>	454,859
TERM DEPOSITS - LONG TERM (Note 5)	25,000	-
EQUIPMENT (Note 6)	<u>303,983</u>	314,795
	<u>\$ 731,343</u>	<u>\$ 769,654</u>
LIABILITIES AND DEFICIT		
CURRENT		
Accounts payable	\$ 4,270	\$ 3,500
Current portion of obligations under capital lease (Note 7)	-	15,010
Current portion of long term debt (Note 8)	<u>139,518</u>	<u>134,794</u>
	143,788	153,304
LONG TERM DEBT (Note 8)	575,779	715,189
DEFERRED CONTRIBUTIONS (Note 9)	<u>194,157</u>	<u>209,877</u>
	913,724	1,078,370
DEFICIT		
Unrestricted	<u>(182,381)</u>	<u>(308,716)</u>
	<u>\$ 731,343</u>	<u>\$ 769,654</u>

MENZIES MEDICAL CENTRE BOARD INC.

Statement of Operations

Year Ended December 31, 2021

	2021	2020
REVENUE		
Clinic development donations and grants	\$ 146,532	\$ 847,093
Grant - City of Morden	79,500	67,000
Donations	35,539	42,036
Donation - Agassiz Physicians Medical Corporation	30,000	30,000
Grant - Rural Municipality of Stanley	15,000	15,000
Amortization of deferred income	14,801	14,690
Interest income	2,849	6,030
	324,221	1,021,849
EXPENSES		
Amortization	69,097	71,147
Clinic development	16,113	1,375,120
Fundraising	8,392	12,460
Insurance	4,148	4,343
Interest and bank charges	152	169
Interest on long term debt	27,314	11,846
Interest on obligations under capital lease	3,774	2,106
Medical tools and supplies	4,973	6,847
Office	7,741	11,098
Professional fees	6,682	5,921
Relocation and recruitment	49,500	37,000
Repairs and maintenance	-	329
	197,886	1,538,386
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 126,335	\$ (516,537)

MENZIES MEDICAL CENTRE BOARD INC.

Statement of Changes in Deficit

Year Ended December 31, 2021

	2021	2020
DEFICIT - BEGINNING OF YEAR	\$ (308,716)	\$ 207,821
Excess (deficiency) of revenue over expenses	<u>126,335</u>	<u>(516,537)</u>
DEFICIT - END OF YEAR	<u>\$ (182,381)</u>	<u>\$ (308,716)</u>

MENZIES MEDICAL CENTRE BOARD INC.

Statement of Cash Flows

Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Cash receipts from donor and government contributions	\$ 341,864	\$ 554,190
Cash paid to suppliers	(96,781)	(1,453,474)
Interest received	2,849	6,030
Interest paid	(31,240)	(14,121)
Cash flow from (used by) operating activities	<u>216,692</u>	<u>(907,375)</u>
INVESTING ACTIVITIES		
Purchase of equipment	(58,284)	(262,178)
Purchase of term deposits	(50,000)	-
Cash flow used by investing activities	<u>(108,284)</u>	<u>(262,178)</u>
FINANCING ACTIVITIES		
Proceeds from long term financing	-	933,903
Repayment of long term debt	(134,686)	(83,919)
Repayment of obligations under capital lease	(15,010)	(13,680)
Cash flow from (used by) financing activities	<u>(149,696)</u>	<u>836,304</u>
DECREASE IN CASH FLOW	(41,288)	(333,249)
Cash - beginning of year	<u>411,875</u>	<u>745,124</u>
CASH - END OF YEAR	\$ 370,587	\$ 411,875

MENZIES MEDICAL CENTRE BOARD INC.

Notes to Financial Statements

Year Ended December 31, 2021

(Unaudited)

1. DESCRIPTION OF BUSINESS

MENZIES MEDICAL CENTRE BOARD INC. (the "organization") is a not-for-profit organization incorporated in the Province of Manitoba. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization was created with the purpose of assisting in the provision of a community owned medical clinic. Further, the organization 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 (ASNPO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and short term investments

The organization's policy is to present bank balances and term deposits with a maturity date of three months or less from the date of acquisition under cash and cash equivalents.

Revenue recognition

The organization 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.

Interest income is recognized when earned.

Equipment

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 years	straight-line method
Office and medical equipment	10 years	straight-line method
Assets under capital lease	5 years	straight-line method

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

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

(continues)

MENZIES MEDICAL CENTRE BOARD INC.

Notes to Financial Statements

Year Ended December 31, 2021

(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

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of equipment;
- the estimated useful lives of assets.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets and financial liabilities are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, accounts receivable, and term deposits.

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

4. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of December 31, 2021.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its credit facilities.

MENZIES MEDICAL CENTRE BOARD INC.

Notes to Financial Statements

Year Ended December 31, 2021

(Unaudited)

5. TERM DEPOSITS

	<u>2021</u>	<u>2020</u>
Access Credit Union - Guaranteed Investment Certificate bearing interest at 1.25% with a maturity date of November 30, 2022.	\$ 25,000	\$ -
Access Credit Union - Guaranteed Investment Certificate bearing interest at 1.5% with a maturity date of November 30, 2023.	<u>25,000</u>	<u>-</u>
	<u>\$ 50,000</u>	<u>\$ -</u>

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Office and medical - 5 year	\$ 406,918	\$ 366,251	\$ 40,667	\$ 51,295
Office and medical - 10 year	608,966	345,650	263,316	251,020
Capital lease asset	62,400	62,400	-	12,480
	<u>\$ 1,078,284</u>	<u>\$ 774,301</u>	<u>\$ 303,983</u>	<u>\$ 314,795</u>

7. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2021</u>	<u>2020</u>
National Leasing lease repaid in the current year.	\$ -	\$ 15,010
Amounts payable within one year	<u>-</u>	<u>(15,010)</u>
	<u>\$ -</u>	<u>\$ -</u>

MENZIES MEDICAL CENTRE BOARD INC.

Notes to Financial Statements

Year Ended December 31, 2021

(Unaudited)

8. LONG TERM DEBT

	<u>2021</u>	<u>2020</u>
Access Credit Union loan bearing interest at 3.45% per annum, repayable in monthly blended payments of \$13,500. The loan matures on October 1, 2026 and is secured by a registered general security agreement.	\$ 715,297	\$ 849,983
Amounts payable within one year	<u>(139,518)</u>	<u>(134,794)</u>
	<u>\$ 575,779</u>	<u>\$ 715,189</u>

Principal repayment terms are approximately:

2022	\$ 139,518
2023	144,409
2024	149,470
2025	154,709
2026	<u>127,191</u>
	<u>\$ 715,297</u>

9. DEFERRED CONTRIBUTIONS

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 209,877	\$ 645,946
Restricted contributions	195,113	362,713
Amortization - baby scale	(173)	(173)
Amortization - digital scale	(224)	(224)
Amortization - imagery processing	-	(247)
Amortization - bilirubin checker	(250)	(250)
Amortization - teen clinic equipment	(321)	(321)
Amortization - thrift store asset contributions spring 2017	(460)	(460)
Amortization - AED	(515)	(515)
Amortization - ultrasound	(850)	(850)
Amortization - thrift store asset contributions fall 2017	(968)	(968)
Amortization expansion equipment	(11,040)	(10,682)
Amortization - return of service contract	(49,500)	(37,000)
Amortization - expansion project	<u>(146,532)</u>	<u>(747,092)</u>
	<u>\$ 194,157</u>	<u>\$ 209,877</u>

10. GOVERNMENT GRANTS

The organization has received grants from rural governments for general operations. The City of Morden grants amounted to \$125,000 (2020:\$ 125,000). Rural Municipality of Stanley grant amounted to \$30,000 (2020: \$30,000). There are no requirements for repayment.

MENZIES MEDICAL CENTRE BOARD INC.

Notes to Financial Statements

Year Ended December 31, 2021

(Unaudited)

11. COVID IMPACT

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at February 22, 2022, the organization is aware of changes in its operations as a result of the COVID-19 crisis.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.
