

MENZIES MEDICAL CENTRE BOARD INC.
Financial Statements
Year Ended December 31, 2022

MENZIES MEDICAL CENTRE BOARD INC.
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Year Ended December 31, 2022

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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, 2022, 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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Morden, MB
April 17, 2023

Krahn Friesen Neufeld

CHARTERED PROFESSIONAL ACCOUNTANTS

MENZIES MEDICAL CENTRE BOARD INC.**Statement of Financial Position****December 31, 2022**

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 332,071	\$ 370,587
Term deposits (Note 5)	50,688	25,000
Accounts receivable	10,717	4,500
Goods and services tax recoverable	3,603	2,273
	397,079	402,360
TERM DEPOSITS - LONG TERM (Note 5)	-	25,000
EQUIPMENT (Note 6)	314,853	303,983
	\$ 711,932	\$ 731,343
LIABILITIES AND DEFICIT		
CURRENT		
Accounts payable	\$ 15,010	\$ 4,270
Current portion of obligations under capital lease (Note 7)	10,932	-
Current portion of long term debt (Note 8)	121,237	139,518
	147,179	143,788
LONG TERM DEBT (Note 8)	462,950	575,779
OBLIGATIONS UNDER CAPITAL LEASE (Note 7)	43,626	-
DEFERRED CONTRIBUTIONS (Note 9)	181,404	194,157
	835,159	913,724
DEFICIT		
Unrestricted	(123,227)	(182,381)
	\$ 711,932	\$ 731,343

MENZIES MEDICAL CENTRE BOARD INC.

Statement of Operations

Year Ended December 31, 2022

	2022	2021
REVENUE		
Clinic development donations and grants	\$ 176,651	\$ 146,532
Grant - City of Morden	125,000	79,500
Donation - Agassiz Physicians Medical Corporation	30,000	30,000
Donations	20,477	35,539
Grant - Rural Municipality of Stanley	15,000	15,000
Amortization of deferred income	14,801	14,801
Interest income	5,039	2,849
	<u>386,968</u>	<u>324,221</u>
EXPENSES		
Amortization	69,454	69,097
Clinic development	84,749	16,113
Fundraising	14,898	8,392
Insurance	4,436	4,148
Interest and bank charges	69	152
Interest on long term debt	30,890	27,314
Interest on obligations under capital lease	8,604	3,774
Medical tools and supplies	1,836	4,973
Office	9,291	7,741
Professional fees	6,901	6,682
Relocation and recruitment	95,000	49,500
Repairs and maintenance	1,686	-
	<u>327,814</u>	<u>197,886</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 59,154</u>	<u>\$ 126,335</u>

MENZIES MEDICAL CENTRE BOARD INC.

Statement of Changes in Deficit

Year Ended December 31, 2022

	2022	2021
DEFICIT - BEGINNING OF YEAR	\$ (182,381)	\$ (308,716)
Excess of revenue over expenses	<u>59,154</u>	<u>126,335</u>
DEFICIT- END OF YEAR	<u>\$ (123,227)</u>	<u>\$ (182,381)</u>

MENZIES MEDICAL CENTRE BOARD INC.

Statement of Cash Flows

Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Cash receipts from donors and government contributions	\$ 361,630	\$ 341,864
Cash paid to suppliers	(208,755)	(96,781)
Interest received	5,039	2,849
Interest paid	(39,563)	(31,240)
	<u>118,351</u>	<u>216,692</u>
Cash flow from operating activities		
INVESTING ACTIVITIES		
Purchase of equipment	(16,248)	(58,284)
Purchase of term deposits	-	(50,000)
	<u>(16,248)</u>	<u>(108,284)</u>
Cash flow used by investing activities		
FINANCING ACTIVITIES		
Repayment of long term debt	(131,110)	(134,686)
Repayment of obligations under capital lease	(9,509)	(15,010)
	<u>(140,619)</u>	<u>(149,696)</u>
Cash flow used by financing activities		
DECREASE IN CASH FLOW	(38,516)	(41,288)
Cash - beginning of year	<u>370,587</u>	<u>411,875</u>
CASH - END OF YEAR	\$ 332,071	\$ 370,587

MENZIES MEDICAL CENTRE BOARD INC.

Schedules to Financial Statements

Year Ended December 31, 2022

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 (ASNFPO). 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.

Schedules to Financial Statements

Year Ended December 31, 2022

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, 2022.

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, obligations under capital leases, 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.

Schedules to Financial Statements

Year Ended December 31, 2022

5. TERM DEPOSITS

	<u>2022</u>	<u>2021</u>
Access Credit Union - Guaranteed Investment Certificate bearing interest at 4.50% with a maturity date of November 30, 2023.	\$ 25,313	\$ 25,000
Access Credit Union - Guaranteed Investment Certificate bearing interest at 1.5% with a maturity date of November 30, 2023.	<u>25,375</u>	<u>25,000</u>
	<u>\$ 50,688</u>	<u>\$ 50,000</u>

6. EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Office and medical - 5 year	\$ 423,176	\$ 386,869	\$ 36,307	\$ 40,667
Office and medical - 10 year	608,966	381,674	227,292	263,316
Capital lease asset	64,067	12,813	51,254	-
	<u>\$ 1,096,209</u>	<u>\$ 781,356</u>	<u>\$ 314,853</u>	<u>\$ 303,983</u>

7. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2022</u>	<u>2021</u>
National Leasing lease bearing interest at 14.026% per annum, repayable in monthly blended payments of \$1,492. The lease matures on December 1, 2026 and is secured by a computer server which has a carrying value of \$51,254.	\$ 54,558	\$ -
Amounts payable within one year	<u>(10,932)</u>	<u>-</u>
	<u>\$ 43,626</u>	<u>\$ -</u>

Future minimum capital lease payments are approximately:

2023	\$ 17,889
2024	17,889
2025	17,889
2026	<u>17,889</u>
Total minimum payments	71,556
Less interest amount at 14.026%	<u>16,998</u>
	<u>\$ 54,558</u>

MENZIES MEDICAL CENTRE BOARD INC.

Schedules to Financial Statements

Year Ended December 31, 2022

8. LONG TERM DEBT

	<u>2022</u>	<u>2021</u>
Access Credit Union loan bearing interest at 7.7% 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.	\$ 584,187	\$ 715,297
Amounts payable within one year	<u>(121,237)</u>	<u>(139,518)</u>
	<u>\$ 462,950</u>	<u>\$ 575,779</u>

Principal repayment terms are approximately:

2023	\$ 121,237
2024	130,909
2025	141,352
2026	152,629
2027	<u>38,060</u>
	<u>\$ 584,187</u>

9. DEFERRED CONTRIBUTIONS

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 194,157	\$ 209,877
Restricted contributions	273,699	195,113
Amortization - baby scale	(173)	(173)
Amortization - digital scale	(224)	(224)
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	(967)	(968)
Amortization expansion equipment	(11,041)	(11,040)
Amortization - return of service contract	(95,000)	(49,500)
Amortization - expansion project	<u>(176,651)</u>	<u>(146,532)</u>
	<u>\$ 181,404</u>	<u>\$ 194,157</u>

10. GOVERNMENT GRANTS

The organization has received grants from rural governments for general operations. The City of Morden grants amounted to \$125,000 (2021: \$ 125,000). Rural Municipality of Stanley grant amounted to \$30,000 (2021: \$30,000). Rural Municipality of Pembina grant amounted to \$5,004 (2021: \$-nil). Rural Municipality of Roland grant amounted to \$1,247 (2021: \$-nil). There are no requirements for repayment.
