

Churchill RHA Inc.

Financial Statements

For the year ended March 31, 2011

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For the year ended March 31, 2011

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Tel: 204 857 2856
Fax: 204 239 1664
www.bdo.ca

BDO Canada LLP
480 Saskatchewan Avenue W
Portage la Prairie MB R1N 0M4 Canada

Auditors' Report

To the Board of Directors of
Churchill RHA Inc.

We have audited the accompanying financial statements of Churchill RHA Inc. (RHA), which comprise the statement of financial position as at March 31, 2011, and the statements of operations, changes in net assets and cash flows for the year then ended, and 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 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.

Auditor's 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 auditor's 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 control 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 control. 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, the financial statements present fairly, in all material respects, the financial position of Churchill RHA Inc. as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Portage la Prairie, MB
May 31, 2011

Churchill RHA Inc.
Statement of Financial Position

March 31 **2011** **2010**

Assets

Current Assets

Cash and bank (note 1)	\$ 2,071,794	\$ 1,655,223
Accounts receivable (note 2)	278,018	250,085
Due from Manitoba Health and Healthy Living (note 3)	173,703	228,248
Inventory (note 4)	381,247	379,929
Goods and Services Tax recoverable	13,484	31,896
Prepaid expenses	105,214	53,437
Employee vacation recoverable - Manitoba Health and Healthy Living (note 5)	<u>282,239</u>	<u>282,239</u>

3,305,699 **2,881,057**

Capital Assets (note 6)

2,921,591 **3,165,114**

Future Employee Pre-retirement Benefits Recoverable - Manitoba Health and Healthy Living (note 5)

197,540 **197,540**

\$ 6,424,830 **\$ 6,243,711**

Liabilities and Surplus (Deficiency) in Net Assets

Current Liabilities

Accounts payable and accrued liabilities	\$ 750,293	\$ 772,280
Accounts payable - capital	-	298
Due to Manitoba Health and Healthy Living (note 7)	507,560	540,250
Security and other deposits	41,765	48,999
Vacation, overtime, statutory holiday and wages payable	805,017	710,824
Current portion of capital lease obligations	-	7,470

2,104,635 **2,080,121**

Capital Lease Obligations (note 8)

- **16,326**

Pre-retirement Entitlements (note 9)

366,922 **328,731**

Deferred Contributions (note 10)

3,018,781 **3,127,199**

5,490,338 **5,552,377**

Surplus (Deficiency) in Net Assets

Net assets invested in capital assets (note 11)	114,673	14,119
Externally restricted - separately funded programs (note 12)	(156,379)	(139,732)
Unrestricted	<u>976,198</u>	<u>816,947</u>

934,492 **691,334**


Contingencies (note 13)

Commitment (note 15)

\$ 6,424,830 **\$ 6,243,711**

On behalf of the Board:

 _____ Director

 _____ Director

Churchill RHA Inc. Statement of Operations

For the year ended March 31

2011

2010

Revenue

Manitoba Health and Healthy Living funded programs

General	\$ 7,510,469	\$ 7,620,021
Diagnostic Services	871,198	796,968
Dental Clinic	137,760	138,533
Community Services	1,299,131	1,207,726
Northern Patient Transportation Program	1,318,968	1,093,560
Land Ambulance	331,800	326,232
Home Care	171,720	170,256
Amortization of deferred contributions (note 10)	368,546	389,194
Offset income	940,824	849,536

	12,950,416	12,592,026
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Separately funded programs

Churchill Child and Family Services (schedule 1)	535,187	653,186
Receiving Home (schedule 2)	356,792	391,726
Nunavut Services (schedule 3)	16,690	52,570
Families 'R' Us, Baby First and Healthy Baby programs (schedule 4)	185,200	172,100

	1,093,869	1,269,582
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Ancillary income, net (schedule)

	51,488	44,284
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	1,145,357	1,313,866
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	14,095,773	13,905,892
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Expenses

Manitoba Health and Healthy Living funded programs

Various departments expenses	7,670,672	7,356,459
Diagnostic Services	808,289	881,254
Dental Clinic	166,915	167,128
Community Services	1,085,479	969,565
Addictions Program	94,561	99,071
Northern Patient Transportation Program	1,401,247	1,310,289
Land Ambulance	403,271	406,184
Home Care	137,481	136,190
Amortization	391,082	402,970
Directors' fees and expenses	36,724	45,183
Employee future benefits	38,191	74,156
Interest and bank charges (recovery)	150	(6,812)
Interest on obligations under capital lease	-	1,590

	12,234,062	11,843,227
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Separately funded programs

Churchill Child and Family Services (schedule 1)	535,187	619,130
Receiving Home (schedule 2)	356,792	348,222
Nunavut Services (schedule 3)	16,690	43,467
Families 'R' Us, Baby First and Healthy Baby programs (schedule 4)	201,847	188,450

	1,110,516	1,199,269
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	13,344,578	13,042,496
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Excess of revenue over expenses before other expense

	751,195	863,396
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Other expense

Surplus repayable to Manitoba Health and Healthy Living

	(508,037)	(540,727)
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Excess of revenue over expenses for the year

	\$ 243,158	\$ 322,669
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Churchill RHA Inc.
Statement of Changes in Net Assets

For the year ended March 31	2011		2010	
	Invested in Capital Assets	Separately Funded Programs	Unrestricted	Total
Balance, beginning of year	\$ 14,119	\$ (139,732)	\$ 816,947	\$ 691,334
Excess (deficiency) of revenue over expenses for the year	(22,536)	(16,647)	282,341	243,158
Net asset transfer (note 14)	123,090	-	(123,090)	-
Balance, end of year	\$ 114,673	\$ (156,379)	\$ 976,198	\$ 934,492
				\$ 691,334

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Churchill RHA Inc.
Statement of Cash Flows

For the year ended March 31	2011	2010
Cash Flows provided by (used in) Operating Activities		
Excess of revenue over expenses for the year	\$ 243,158	\$ 322,669
Adjustments for		
Amortization of capital assets	391,082	402,970
Loss on disposal of capital assets	1,439	6,690
Amortization of deferred contributions	(368,546)	(389,194)
Deferred contribution reduction - disposed capital assets	(348)	(2,396)
Deferred contributions - expenses for future periods	86,410	-
	353,195	340,739
Net change in non-cash operating working capital		
Accounts receivable	(27,933)	(16,535)
Due from Manitoba Health and Healthy Living	21,855	(1,350,431)
Inventory	(1,318)	(176)
Goods and Service Tax recoverable	18,412	(5,943)
Prepaid expenses	(51,777)	9,866
Accounts payable and accrued liabilities	(21,987)	176,052
Security and other deposits	(7,234)	(32,604)
Vacation, overtime and statutory holiday pay payable	94,193	13,273
	24,211	(1,206,498)
Increase in pre-retirement entitlement	38,191	74,635
	62,402	(1,131,863)
	415,597	(791,124)
Cash Flows provided by (used in) Investing Activities		
Purchase of capital assets	(148,998)	(142,742)
Cash Flows provided by (used in) Financing Activities		
Payments on capital lease obligations	(23,797)	(7,054)
Receipt of contributions related to capital assets	174,067	117,607
Decrease in accounts payable - capital	(298)	(9,784)
	149,972	100,769
Increase (decrease) in cash, during the year	416,571	(833,097)
Cash and bank, beginning of year	1,655,223	2,488,320
Cash and bank, end of year	\$ 2,071,794	\$ 1,655,223

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.