

Klinic, Inc.
o/a Klinic Community Health
Financial Statements
March 31, 2021

To the Members of Klinic, Inc.:

Opinion

We have audited the financial statements of Klinic, Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Organization as at and for the year ended March 31, 2020 were audited by another firm of public accountants, who expressed an opinion without modification on these financial statements in their report dated May 27, 2020.

Other Information

Management is responsible for the other information. The other information comprises the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba

May 26, 2021

MNP LLP

Chartered Professional Accountants

Klinik, Inc.
o/a Klinik Community Health
Statement of Financial Position
As at March 31, 2021

	<i>Operating Fund</i>	<i>Capital Asset Fund</i>	<i>Donation Fund</i>	2021	2020
Assets					
Current					
Cash (Note 3)	2,172,960	-	888,177	3,061,137	1,721,437
Cash in trust - external projects (Note 3), (Note 4)	45,436	-	-	45,436	53,659
Accounts receivable (Note 5)	1,866,076	-	-	1,866,076	1,183,055
Prepaid expenses	17,336	-	-	17,336	32,241
Assets held for sale (Note 6)	-	-	-	-	48,626
	4,101,808	-	888,177	4,989,985	3,039,018
Interfund balances (Note 7)	(308,217)	695,556	(387,339)	-	-
Pre-retirement leave receivable from Winnipeg Regional Health Authority	496,932	-	-	496,932	486,222
Capital assets (Note 8)	161,714	9,778,456	-	9,940,170	5,057,286
	4,452,237	10,474,012	500,838	15,427,087	8,582,526

Continued on next page

Klinic, Inc.
o/a Klinic Community Health
Statement of Financial Position
As at March 31, 2021

	<i>Operating Fund</i>	<i>Capital Asset Fund</i>	<i>Donation Fund</i>	2021	2020
Liabilities					
Current					
Accounts payable and accruals (Note 9)	7,011,373	-	-	7,011,373	1,726,283
Deferred revenue (Note 10)	541,802	-	-	541,802	303,516
Current portion of mortgage payable (Note 11)	-	2,480,412	-	2,480,412	2,739,582
Funds in trust - external projects (Note 4)	45,436	-	-	45,436	53,659
	7,598,611	2,480,412	-	10,079,023	4,823,040
Deferred revenue (Note 10)	-	727,006	-	727,006	434,789
Mortgage payable (Note 11)	-	-	-	-	1,145,163
Pre-retirement leave (Note 12)	1,000,893	-	-	1,000,893	988,895
	1,000,893	727,006	-	1,727,899	2,568,847
	8,599,504	3,207,418	-	11,806,922	7,391,887
Net Assets					
Invested in capital assets	-	7,266,594	-	7,266,594	1,414,106
Unrestricted - retainable	(4,147,267)	-	500,838	(3,646,429)	(223,467)
	(4,147,267)	7,266,594	500,838	3,620,165	1,190,639
	4,452,237	10,474,012	500,838	15,427,087	8,582,526

Approved on behalf of the Board

Original Document Signed
Director

Original Document Signed
Director

Klinic, Inc.
o/a Klinic Community Health
Statement of Operations
For the year ended March 31, 2021

	<i>Operating Fund</i>	<i>Capital Asset Fund</i>	<i>Donation Fund</i>	<i>Total 2021</i>	<i>Total 2020</i>
Revenues					
Grants and other revenue <i>(Schedule 1)</i>	\$ 12,202,899	\$ -	\$ -	\$ 12,202,899	\$ 11,763,956
Donations	-	-	127,487	127,487	101,082
Interest	-	-	8,399	8,399	17,447
Rent	-	67,064	-	67,064	1,050
Amortization of deferred revenues <i>(Note 10)</i>	-	83,695	-	83,695	23,806
	12,202,899	150,759	135,886	12,489,544	11,907,341
Expenses					
Operating expenses <i>(Schedule 1)</i>	11,999,709	-	-	11,999,709	11,595,216
Amortization	33,698	524,816	-	558,514	40,433
Special projects	-	-	350	350	907
Mortgage interest	-	111,822	20	111,842	142,470
Professional fees	-	12,498	-	12,498	-
	12,033,407	649,136	370	12,682,913	11,779,026
Excess (deficiency) of revenue over expenses from operations	169,492	(498,377)	135,516	(193,369)	128,315
Pre-retirement leave <i>(Note 12)</i>	(1,288)	-	-	(1,288)	(1,946)
Gain on disposal of capital assets	-	2,624,182	-	2,624,182	-
	(1,288)	2,624,182	-	2,622,894	(1,946)
Excess of revenue over expenses	\$ 168,204	\$ 2,125,805	\$ 135,516	\$ 2,429,525	\$ 126,369

The accompanying notes are an integral part of these financial statements

Klinic, Inc.
o/a Klinic Community Health
Statement of Changes in Net Assets
For the year ended March 31, 2021

	<i>Operating Fund</i>	<i>Capital Asset Fund</i>	<i>Donation Fund</i>	2021	2020
Net assets (deficit), beginning of year	(588,789)	1,414,106	365,322	1,190,639	1,064,270
Excess of revenue over expenses	168,205	2,125,805	135,516	2,429,526	126,369
Purchase of capital assets	(5,313,814)	5,313,814	-	-	-
Principal payments on mortgage payable	(1,404,333)	1,404,333	-	-	-
Deferred capital contributions received	408,970	(408,970)	-	-	-
Net proceeds on disposal of capital assets	2,639,748	(2,639,748)	-	-	-
Interfund transfers (Note 14)	(57,254)	57,254	-	-	-
Net assets (deficit), end of year	(4,147,267)	7,266,594	500,838	3,620,165	1,190,639

The accompanying notes are an integral part of these financial statements

Klinik, Inc.
o/a Klinik Community Health
Statement of Cash Flows
For the year ended March 31, 2021

	<i>Operating Fund</i>	<i>Capital Asset Fund</i>	<i>Donation Fund</i>	<i>2021</i>	<i>2020</i>
Cash flows from operating activities					
Cash received from (paid for):					
Winnipeg Regional Health Authority	10,777,333	-	-	10,777,333	9,955,473
Province of Manitoba	306,086	-	-	306,086	476,247
Government of Canada	184,985	-	-	184,985	179,375
University of Winnipeg	35,748	-	-	35,748	166,409
Workshops and honorariums	9,819	-	-	9,819	104,464
Donations	60,499	-	127,487	187,986	117,226
External projects	142,424	-	-	142,424	165,467
Interest	5,133	-	8,399	13,532	21,594
Rent	-	67,064	-	67,064	575,953
Other sources	691,148	-	-	691,148	-
Human resources and benefits	(10,843,296)	-	-	(10,843,296)	(10,595,542)
Materials and services	(939,928)	(12,498)	(370)	(952,796)	(646,969)
External projects	(150,720)	-	-	(150,720)	(156,053)
Interest	-	-	-	-	(2,175)
	279,231	54,566	135,516	469,313	361,469
Cash flows from financing activities					
Rent	-	-	-	-	1,050
Donations to new building	-	16,975	-	16,975	-
Materials and services	-	-	-	-	227,000
Payments on mortgage payable	-	(1,516,155)	-	(1,516,155)	(393,900)
Net cash used in financing activities	-	(1,499,180)	-	(1,499,180)	(165,850)
Cash flows from investing activities					
Proceeds from disposal of asset held for sale	-	2,642,275	-	2,642,275	-
Purchase of capital assets	(127,583)	(153,348)	-	(280,931)	(181,129)
Net cash generated from (used in) investing activities	(127,583)	2,488,927	-	2,361,344	(181,129)
Increase in cash resources	151,648	1,044,313	135,516	1,331,477	14,490
Cash resources, beginning of year	855,712	-	919,384	1,775,096	1,760,606
Interfund adjustments	1,211,036	(1,044,313)	(166,723)	-	-
Cash resources, end of year	2,218,396	-	888,177	3,106,573	1,775,096

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Klinic, Inc. (the "Organization") is a Community Health Centre offering health and social services in part of the core area of Winnipeg as well as providing specialized crisis, sexual assault counselling, family abuse counselling, public education and training for the Province of Manitoba.

The Organization is an incorporated not-for-profit organization under the Income Tax Act and is a registered charity.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies used are detailed as follows:

Fund accounting

The Organization follows the deferral method of accounting for contributions and reports using fund accounting, and maintains three funds: the Operating Fund, the Capital Asset Fund and the Donation Fund.

The Operating Fund reports all revenues and expenses related to program delivery and administrative activities. The Operating Fund reports the assets (including computer equipment), liabilities, revenues and expenses related to the Organization's activities.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Organization's capital assets (excluding computer equipment).

The Donation Fund reports assets, liabilities, receipts and disbursements related to all donations. The Donation Fund is used to support existing programs.

Revenue recognition

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions, consisting of grants, are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Workshops and fundraising revenue are recognized as revenue in the appropriate fund when the event is held.

Cash

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Operating Fund	
Computer equipment	3 years
Capital Asset Fund	
Building	20 years
Furniture and equipment	10-20 years
Website	10 years

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consists of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization's ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Pre-retirement leave benefits

The cost of the Organization's employee pre-retirement leave benefits is accrued as earned based on an actuarial estimation.

The estimation of the future pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method. The significant actuarial assumptions used in measuring the Organization's future employee benefit payable include retirement, termination and mortality rates, a discount rate of 2.7% (2020 - 3.5%), a rate of salary increase of 3.5% (2020 - 3.5%) plus an age-related merit/promotion scale with provision for disability.

External projects

External projects are sponsored by the Organization and directed by third party organizations. The Organization provides administrative services to these projects including receipt of funding, disbursement of expenditures and financial reporting. Funding committed for the current fiscal year but received subsequent to the year-end is recorded as funding receivable for external projects. Funding received but not fully disbursed is included in cash in trust - external projects.

Allocation of expenses

The Organization classifies its expenses by program and allocates its salaries and benefits expense to a number of programs to which the expenses relate. Salaries and benefits expense has been allocated based on the number of hours incurred directly in the undertaking of the programs.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Pre-retirement leave benefits are based on estimated future obligations.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

2. Significant accounting policies (Continued from previous page)

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenues over expenses in the year the reversal occurs.

3. Cash

	2021	2020
Operating Fund		
Cash and short-term investments	2,172,960	802,053
Cash in trust - external projects	45,436	53,659
	2,218,396	855,712
Donation Fund	888,177	919,384
	3,106,573	1,775,096

The Organization has available an operating line of credit with an authorized limit of \$25,000 (2020 - \$25,000) bearing interest at prime. The line of credit was not in use at March 31, 2021 (2020 - \$nil). Of the \$888,177 in the Donation Fund cash, \$695,556 is owed to the Capital Fund.

Klinic, Inc.
o/a Klinic Community Health
Notes to the Financial Statements
For the year ended March 31, 2021

4. Cash in trust - external projects

Funds in trust for external projects is as follows:

	<i>2021</i>	<i>2020</i>
Manitoba Public Health Association	7,531	6,606
Communities 4 Families - Downtown Parent Coalition	21,342	29,199
West Central Community Guide	-	2
Manitoba Network for Suicide Prevention	3,433	3,433
Wellness Committee	3,078	4,370
Trauma Forum	8,164	8,162
Male Childhood Abuse Workshop	669	669
Take Back the Night	1,219	1,218
	45,436	53,659

5. Accounts receivable

	<i>2021</i>	<i>2020</i>
Winnipeg Regional Health Authority	857,086	495,567
Other	1,008,990	687,488
	1,866,076	1,183,055

6. Assets held for sale

In 2019, the Organization accepted an offer for the sale of 870 Portage Avenue for a sale price of \$2,700,000. The closing date of the sale was July 31, 2020.

7. Interfund balances

The interfund balances are non interest bearing and have no fixed terms of repayment.

Klinic, Inc.
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Notes to the Financial Statements
For the year ended March 31, 2021

8. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>
Operating Fund			
Computer equipment	408,307	246,592	161,715
Capital Asset Fund			
Land	763,130	-	763,130
Building	9,740,011	1,020,446	8,719,565
Furniture and equipment	657,236	379,359	277,877
Website	35,284	17,401	17,883
	11,603,968	1,663,798	9,940,170

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net book value</i>
Operating Fund			
Computer equipment	280,723	212,895	67,828
Capital Asset Fund			
Land	763,130	-	763,130
Building	4,690,456	533,445	4,157,011
Furniture and equipment	392,978	345,072	47,906
Website	35,284	13,873	21,411
	6,162,571	1,105,285	5,057,286

9. Accounts payable and accruals

	<i>2021</i>	<i>2020</i>
Other	6,644,413	1,692,336
Winnipeg Regional Health Authority	366,960	33,947
	7,011,373	1,726,283

Klinic, Inc.
o/a Klinic Community Health
Notes to the Financial Statements
For the year ended March 31, 2021

10. Deferred revenue

The deferred revenue reported in the Operating Fund represents restricted funding and unspent resources received in the current year and externally restricted funding that are related to the subsequent year.

Changes in the deferred revenue balances for the Operating Fund are as follows:

	2021	2020
Balance, beginning of year	303,516	212,700
Less: amounts recognized as revenue during the year	(480,002)	(2,568)
Add: amounts received related to next year	718,288	93,384
Balance, end of year	541,802	303,516

Changes in the deferred revenue balances for the Capital Asset Fund are as follows:

Balance, beginning balance	434,789	151,475
Less: amounts recognized as revenue during the year:		
Province of Manitoba	-	(13,545)
Winnipeg Regional Health Authority	(17,826)	(10,261)
Other	(67,750)	-
Tenant inducements	(31,177)	-
Add: contributions		
Winnipeg Regional Health Authority	52,215	20,120
Other contributions to 167 Sherbrook	44,975	287,000
Tenant inducements	311,780	-
Balance, end of year	727,006	434,789

Deferred revenue reported in the Capital Asset Fund includes the unamortized portion of funds to acquire and renovate the Organization's premises. Deferred revenue is amortized on the statement of operations.

11. Mortgage payable

	2021	2020
Assiniboine Credit Union - 870 Portage Avenue		
Balance repaid during the year	-	1,221,622
Assiniboine Credit Union - 167 Sherbrook Street		
Monthly payments of \$23,050, bearing interest at 3.45% secured by a promissory note, a registered multi-purpose first mortgage over 167 Sherbrook Street, registered general assignment of rents and leases over 167 Sherbrook Street and an insurance waiver, subject to refinancing.	2,480,412	2,663,123
	2,480,412	3,884,745
Less: current portion	2,480,412	2,739,582
	-	1,145,163

All advances are further secured by a general security agreement providing first charge over all assets of the Organization and an assignment of fire and theft insurance.

12. Pre-retirement leave benefits

The Organization has a contractual commitment for the pre-retirement benefits for the members of the pension plan based on years of service before retirement. During the year ended March 31, 2006, the Organization was instructed by the Winnipeg Regional Health Authority to record the full obligation. The Winnipeg Regional Health Authority calculated and advised the Organization of the amount of the obligation. Pre-retirement leave benefits are considered an out-of-globe funding item, of which the Winnipeg Regional Health Authority has instructed the Organization to set up a receivable for the percentage of the change in the pre-retirement leave obligation that belongs to Winnipeg Regional Health Authority programs. The change in the accrued pre-retirement leave benefits are recorded as an expense in the current year. Actual expenditures for pre-retirement payouts are recorded in operations.

	2021	2020
Change in obligation		
Opening balance	988,895	974,349
Increase (decrease) in obligation	11,998	14,546
	1,000,893	988,895
Pre-retirement leave		
Current year retirement benefits paid	(129,332)	(55,492)
Current year recovery WRHA	129,332	55,492
(Increase) decrease in obligation	(11,998)	(14,546)
Increase (decrease) in receivable	10,710	12,600
	(1,288)	(1,946)

13. Pension

Effective June 1, 2003, the Organization adopted a defined benefit pension plan under a participation agreement with Healthcare Employees Pension Plan - Manitoba (the "Plan"). As part of the agreement, the Organization's liability for pension benefits during the term of its participation in the Plan is limited to the contributions made to the Plan as required from time to time. As a result, contributions to the Plan are expensed as incurred and no liability or asset is recognized for any potential Plan funding shortfall or excess. During the year, \$759,753 (2020 - \$754,459) was expensed for the purpose of the Plan.

Prior to June 1, 2003, the Organization had a defined contribution pension plan.

Pension contributions are included in employee benefits expense of the applicable programs.

14. Interfund transactions

The Organization transferred the net deficiency of revenue over expenses of \$57,254 from the Capital Fund to the Organization's General Fund. The net deficiency consists of total revenues (excluding amortization of deferred contributions) of \$67,064 less total operating expenses (excluding amortization expense) of \$124,320.

15. Economic dependence

The volume of financial activity undertaken by the Organization with its main funding bodies is of sufficient magnitude that the discontinuance of their funding would engender the ability of the Organization to continue as a going concern.

16. Discontinued program

In the prior year, it was announced that the Teen Talk program would no longer operate under the Organization. The operations began to be transferred to Sexuality Education Resource Centre Manitoba Inc. in the 2020-2021 fiscal year. At year end, Teen Talk has not been fully transferred to Sexuality Education Resource Centre Manitoba Inc.

17. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument may be affected by a change in interest rate. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is subject to interest rate cash flow risk with respect to its mortgage payable which is subject to Assiniboine Credit Union's variable rate of prime plus 1.00%.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset.

18. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had significant impacts on businesses and not-for-profit organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The COVID-19 outbreak has had a small impact on the Organization's operations due to the additional incremental costs. At year-end there continues to be an impact on the operations and at this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Klinic, Inc.
o/a Klinic Community Health
Schedule 1 - Schedule of Operations
For the year ended March 31, 2021

	<i>General Operations</i>	<i>Teen Talk (Note 16)</i>	<i>Choices</i>	<i>Total 2021</i>	<i>Total 2020</i>
Revenues					
Grants					
Winnipeg Regional Health Authority					
Fixed Payments	\$ 10,970,047	\$ -	\$ -	\$ 10,970,047	\$ 10,381,357
Province of Manitoba					
Health, Healthy Living and Seniors	3,004	-	-	3,004	11,122
Children and Youth Opportunities	-	-	98,608	98,608	360,900
Education and Training	-	-	-	-	15,000
Addictions Foundation of Manitoba	87,500	-	-	87,500	87,500
Manitoba Justice	24,200	-	-	24,200	22,000
Government of Canada					
Public Health Agency Canada	-	102,703	-	102,703	103,738
Workers Compensation Board	55,000	-	-	55,000	55,000
University of Winnipeg	-	-	-	-	142,990
Other	650,537	100	-	650,637	551,099
Workshops	6,669	-	-	6,669	25,456
Donations	45,454	1,370	-	46,824	3,647
Interest	5,133	-	-	5,133	4,147
Total revenues	<u>11,847,544</u>	<u>104,173</u>	<u>98,608</u>	<u>12,050,325</u>	<u>11,763,956</u>
Expenses					
Salaries	8,076,700	83,768	81,128	8,241,596	7,969,029
Medical remunerations	1,083,506	-	-	1,083,506	1,102,767
Benefits and payroll tax (Note 13)	1,546,975	15,874	15,666	1,578,515	1,677,633
Food and dietary supplies	13,794	707	-	14,501	22,941
Housekeeping	12,863	-	-	12,863	16,118
Medical supplies	42,282	-	-	42,282	47,309
Office supplies	286,650	1,803	1,222	289,675	167,392
Other	135,402	2,021	177	137,600	262,578
Professional fees	55,595	-	-	55,595	49,275
Rent	3,394	-	-	3,394	19,872
Repairs and maintenance	272,561	-	432	272,993	148,396
Pharmacy and drugs	911	-	-	911	3,958
Reproductive health supplies	31,325	-	-	31,325	45,381
Utilities and property taxes	81,671	-	-	81,671	55,740
Volunteer services	707	-	-	707	6,827
Total expenses	<u>11,644,336</u>	<u>104,173</u>	<u>98,625</u>	<u>11,847,134</u>	<u>11,595,216</u>
Excess (deficiency) of revenues over expenses from operations	<u>\$ 203,208</u>	<u>\$ -</u>	<u>\$ (17)</u>	<u>\$ 203,191</u>	<u>\$ 168,740</u>