



# Financial Statements

Salvus Clinic Inc.

June 30, 2021

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# Independent Auditor's Report

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To the Board of Directors of  
Salvus Clinic Inc.

## Opinion

We have audited the financial statements of Salvus Clinic Inc., which comprise the statement of financial position as at June 30, 2021, and the statements of operations and 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 Clinic as at June 30, 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 Clinic 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

We were not engaged to report on the comparative information and as a result, it is unaudited.

## 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 Clinic'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 Clinic or to cease operations, or has no realistic alternative but to do so.

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

# Independent Auditor's Report (continued)

## 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 Clinic'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 Clinic'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 Clinic 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.

Moncton, Canada  
January 24, 2022



Chartered Professional Accountants

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**Salvus Clinic Inc.****Statements of Operations and Changes in Net Assets**

Year ended June 30

2021

2020  
Unaudited

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|   |                   |                   |
|---|-------------------|-------------------|
| Revenues  |                   |                   |
| Project revenues                                  | \$ 497,961        | \$ 504,377        |
| Health revenues                                   | 116,269           | 111,236           |
| Donations and other revenues                      | <u>59,484</u>     | <u>60,432</u>     |
|   | <u>673,714</u>    | <u>676,045</u>    |
| <br>  |                   |                   |
| Expenditures                                      |                   |                   |
| Advertising and promotion                         | 1,612             | 464               |
| Insurance   | 1,585             | 1,234             |
| Interest and bank charges                         | 691               | 229               |
| Office  | 104,247           | 32,314            |
| Professional fees                                 | 21,868            | 10,207            |
| Rent  | 72,950            | 149,114           |
| Repairs and maintenance                           | 22,917            | 7,778             |
| Training  | 529               | 8,457             |
| Telephone and utilities                           | 9,444             | 7,834             |
| Travel  | 2,227             | 356               |
| Wages and benefits                                | <u>442,032</u>    | <u>347,445</u>    |
|   | <u>680,102</u>    | <u>565,432</u>    |
| <br>  |                   |                   |
| (Deficiency) excess of revenues over expenditures | <u>\$ (6,388)</u> | <u>\$ 110,613</u> |
| <br>  |                   |                   |
| Unrestricted net assets, beginning of year        | \$ 179,535        | \$ 118,922        |
| (Deficiency) excess of revenues over expenditures | (6,388)           | 110,613           |
| Interfund transfer to internally restricted funds | <u>-</u>          | <u>(50,000)</u>   |
| Unrestricted net assets, end of year              | <u>\$ 173,147</u> | <u>\$ 179,535</u> |

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**Salvus Clinic Inc.**  
**Statement of Financial Position**

| June 30                                  | 2021              | 2020<br>Unaudited |
|--|-------------------|-------------------|
| <b>Assets</b>                            |                   |                   |
| <b>Current</b>                           |                   |                   |
| Cash and cash equivalents                | \$ 422,289        | \$ 248,671        |
| Accounts receivable                      | 110,042           | 87,940            |
| Prepaid expenses                         | 2,858             | 645               |
| Harmonized sales tax receivable          | <u>3,572</u>      | <u>9,267</u>      |
|  | 538,761           | 346,523           |
| <b>Long-term</b>                         |                   |                   |
| Property and equipment (Note 3)          | <u>19,435</u>     | <u>-</u>          |
|  | <u>\$ 558,196</u> | <u>\$ 346,523</u> |
| <b>Liabilities</b>                       |                   |                   |
| <b>Current</b>                           |                   |                   |
| Accounts payable and accrued liabilities | \$ 46,856         | \$ 22,443         |
| Deferred revenue                         | <u>268,758</u>    | <u>94,545</u>     |
|  | 315,614           | 116,988           |
| Deferred capital contributions (Note 4)  | <u>19,435</u>     | <u>-</u>          |
|  | <u>335,049</u>    | <u>116,988</u>    |
| <b>Net Assets</b>                        |                   |                   |
| Internally restricted funds (Note 6)     | 50,000            | 50,000            |
| Unrestricted net assets                  | <u>173,147</u>    | <u>179,535</u>    |
|  | <u>223,147</u>    | <u>229,535</u>    |
|  | <u>\$ 558,196</u> | <u>\$ 346,523</u> |

On behalf of the board

  
 \_\_\_\_\_ Member  
 CHAIR

  
 \_\_\_\_\_ Member  
 Treasurer

# Salvus Clinic Inc.

## Statement of Cash Flows

Year ended June 30

2021

2020  
Unaudited

Increase (decrease) in cash and cash equivalents

### Operating

|   |                |               |
|---|----------------|---------------|
| (Deficiency) excess of revenues over expenditures | \$ (6,388)     | \$ 110,613    |
| Change in non-cash working capital items          |                |               |
| Accounts receivable                               | (22,102)       | (41,075)      |
| Prepaid expenses                                  | (2,213)        | (645)         |
| Harmonized sales tax                              | 5,695          | (5,915)       |
| Accounts payable and accrued liabilities          | 24,413         | (6,701)       |
| Deferred revenue                                  | <u>174,213</u> | <u>17,545</u> |
|   | <b>173,618</b> | 73,822        |

### Financing

|                       |        |   |
|-----------------------|--------|---|
| Capital contributions | 19,435 | - |
|-----------------------|--------|---|

### Investing

|                                    |                 |   |
|------------------------------------|-----------------|---|
| Purchase of property and equipment | <u>(19,435)</u> | - |
|------------------------------------|-----------------|---|

|                                       |                |        |
|---------------------------------------|----------------|--------|
| Increase in cash and cash equivalents | <b>173,618</b> | 73,822 |
|---------------------------------------|----------------|--------|

Cash and cash equivalents

|                   |                   |                   |
|-------------------|-------------------|-------------------|
| Beginning of year | <u>248,671</u>    | <u>174,849</u>    |
| End of year       | <u>\$ 422,289</u> | <u>\$ 248,671</u> |

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# Salvus Clinic Inc.

## Notes to the Financial Statements

June 30, 2021

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### 1. Nature of operations

Salvus Clinic (the "Clinic") is a not-for-profit organization located in Moncton, New Brunswick. The Clinic's objective is to provide access to primary health care to those within the Moncton area suffering with issues relating to poverty, mental health and addictions. The clinic is now incorporated under the business act as of August 1, 2014 and received charitable status on July 31, 2014 and it is exempt from income tax.

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### 2. Summary of significant accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

#### Cash and cash equivalents

The Clinic's policy is to present bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn, and term deposits with a maturity period of three months or less at the date of acquisition.

#### Financial instruments

The Clinic considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Clinic accounts for the following as financial instruments:

- cash and cash equivalents
- accounts receivables
- accounts payable and accrued liabilities

A financial asset or liability is recognized when the Clinic becomes party to contractual provisions of the instrument.

The Clinic initially measures its financial assets and liabilities at fair value adjusted for transaction costs, except for certain non-arms length transactions which are measured in accordance with the accounting policy for related party transactions. Transaction costs related to financial instruments subsequently measured at fair value are recorded in the statement of earnings on initial measurement. The Clinic subsequently measures all of its financial instruments at amortized cost.



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# Salvus Clinic Inc.

## Notes to the Financial Statements

June 30, 2021

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### 2. Summary of significant accounting policies (continued)

#### Fund accounting

The Clinic follows the deferral method of accounting for contributions which includes grants and donations.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. When contributions received relates to future expenses, the Clinic defers the contributions and recognizes it in the statement of operations as the related expenses are incurred. 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.

Contributions received for the purchase of fixed assets are recorded as deferred contributions and are brought into income on the same basis as the amortization of the purchased or contributed assets.

#### Revenue recognition

Grant revenue is recognized as revenue in the year received or receivable, if the amounts to be received can be reasonably estimated and collection is reasonably assured.

Donations revenue is recognized as revenue in the year received.

Rental income is recognized on a monthly basis as earned.

Health revenues and project recoveries and restricted grants are recognized where expenses are incurred and collection is reasonably assured.

#### Property and equipment

Property and equipment are amortized on the basis of their useful life using the declining balance method and rates as follows:

|           |     |
|-----------|-----|
| Equipment | 20% |
|-----------|-----|

The leasehold improvements are amortized over the term of the lease.

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**Salvus Clinic Inc.**  
**Notes to the Financial Statements**

June 30, 2021

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| <b>3. Property and equipment</b> |                  |                                     | <u>2021</u>               | <u>2020</u><br>Unaudited  |
|----------------------------------|------------------|-------------------------------------|---------------------------|---------------------------|
|                                  | <u>Cost</u>      | <u>Accumulated<br/>Amortization</u> | <u>Net Book<br/>Value</u> | <u>Net Book<br/>Value</u> |
| Equipment                        | \$ 14,868        | \$ -                                | \$ 14,868                 | \$ -                      |
| Leasehold improvements           | <u>23,988</u>    | <u>19,421</u>                       | <u>4,567</u>              | <u>-</u>                  |
|                                  | <u>\$ 38,856</u> | <u>\$ 19,421</u>                    | <u>\$ 19,435</u>          | <u>\$ -</u>               |

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| <b>4. Deferred capital contributions</b> |                  |                                     | <u>2021</u>               | <u>2020</u><br>Unaudited  |
|--|------------------|-------------------------------------|---------------------------|---------------------------|
|  | <u>Cost</u>      | <u>Accumulated<br/>Amortization</u> | <u>Net Book<br/>Value</u> | <u>Net Book<br/>Value</u> |
| Deferred capital contributions           | <u>\$ 19,435</u> | <u>\$ -</u>                         | <u>\$ 19,435</u>          | <u>\$ -</u>               |

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**5. Payables and accruals**

Government remittances (other than income taxes) due of \$4,849 (2020 - \$4,360).

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**6. Internally restricted funds**

The board has approved an operating reserve for future operation as needed for unanticipated expenses or loss in funding or nonrecurring expenses.

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**7. Lease commitments**

The Clinic's total future minimum lease payments under operating lease commitments over the next year is \$26,049.

In addition to the above noted minimum lease payments the Clinic is also obligated to pay their share of operating costs, which fluctuate year to year.

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# Salvus Clinic Inc.

## Notes to the Financial Statements

June 30, 2021

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### 8. Financial instruments

The Clinic has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from financial instruments include credit risk, liquidity risk and market risk. Market risk arises from changes in currency rate, interest rate, and other price risks. Unless otherwise noted it is management's opinion that the Clinic is not exposed to other price risks arising from financial instruments.

(a) Credit risk

The Clinic is exposed to credit risk in the event of non-performance by counterparties in connection with its cash deposits and accounts receivable. The Clinic does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance beyond already provided for as an allowance for doubtful accounts.

Concentration risk

In 2021, the Company had 78% of its revenues that derived from five organizations and two organizations accounts for 73% of its trade receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Clinic may not have cash available to satisfy financial liabilities as they come due. To mitigate this risk, the clinic is internally monitoring this level of liquidity on a regular basis.

(c) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument, that is short-term investments, will fluctuate because of changes in market prices. For purposes of this disclosure, the Clinic segregates market risk in two categories: fair value risk and interest rate risk. The Clinic is not exposed to interest rate risk or fair value risk.

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