
Financial statements of
Thames Valley Family Health Team

March 31, 2018

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Independent Auditor's Report

To the Chairman and Members of
Thames Valley Family Health Team

We have audited the accompanying financial statements of Thames Valley Family Health Team, which comprise the statement of financial position as at March 31, 2018, and the statements of operations 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, 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 Thames Valley Family Health Team as at March 31, 2018 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 25, 2018

Thames Valley Family Health Team

Statement of operations

year ended March 31, 2018

	Notes & Schedule	2018 \$	2017 \$
Revenue			
Ontario Ministry of Health and Long-Term Care grant		12,291,470	11,549,519
Interest earned		13,677	8,244
Miscellaneous revenue		42,657	38,282
Amortization of deferred capital contributions	4	70,356	75,101
		12,418,160	11,671,146
Expenditure			
Operating	A	11,672,827	11,460,549
Excess of revenue over expenditure		745,333	210,597
Recovery of current year funding		745,333	210,597
		-	-

The accompanying notes to the financial statements are and integral part of this financial statement.

Thames Valley Family Health Team

Statement of financial position

as at March 31, 2018

	Notes	2018 \$	2017 \$
Assets			
Current assets			
Cash		1,725,480	794,177
Accounts receivable		4,282	86,442
Statutory government remittances receivable		82,249	155,680
Prepaid expenses and deposits		58,616	60,104
		1,870,627	1,096,403
Capital assets	3	452,676	523,032
		2,323,303	1,619,435
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		656,358	624,821
Statutory government remittances payable		177,557	203,460
Recovery of funding		955,930	210,597
Deferred revenue		80,782	57,525
Current portion of deferred contributions for capital expenditures	4	57,363	72,007
		1,927,990	1,168,410
Commitments	7		
Long-term deferred contributions for capital expenditures	4	395,313	451,025
		2,323,303	1,619,435

The accompanying notes to the financial statements are and integral part of this financial statement.

Approved by the Board

_____, Director

_____, Director

Thames Valley Family Health Team

Statement of cash flows

year ended March 31, 2018

	Notes	2018	2017
		\$	\$
Operating activities			
Excess of revenues over expenditure		745,333	210,597
Recovery of current year funding		(745,333)	(210,597)
Adjustments for			
Depreciation of capital assets		70,356	75,101
Amortization of deferred capital contributions		(70,356)	(75,101)
Changes in non-cash working capital items	5	931,303	174,390
		931,303	174,390
Investing activities			
Purchase of capital assets		-	(63,709)
Increase in deferred capital contributions		-	63,709
		-	-
Net change in cash		931,303	174,390
Cash, beginning of year		794,177	619,787
Cash, end of year		1,725,480	794,177

The accompanying notes to the financial statements are and integral part of this financial statement.

Thames Valley Family Health Team

Notes to the financial statements

March 31, 2018

1. Business description

The concept of Family Health Teams was introduced by The Provincial Ministry of Health and Long-Term Care in 2004. The Thames Valley Family Health Team ("TVFHT") was incorporated on March 6, 2007.

The TVFHT is a provider of primary health care, which includes disease management and prevention, disease cure, rehabilitation, palliative care and health promotion.

Thames Valley Family Health Team was selected as the lead organization for the London-Middlesex Health Links. Health Links were created by the Ontario Ministry of Health and Long Term Care to serve the approximately 5% of the population who use about 66% of health care resources. Health Links encourage cooperation and collaboration among partner organizations with the goal of supporting complex patients, delivering access for patients with chronic conditions, reducing emergency room visits, and improving the patient experience with the health care system. The project phase of this work is funded for three years (through to fiscal year end of 2018-19).

The TVFHT consists of doctors, nurses, nurse practitioners and other health care professionals who work collaboratively, each utilizing their experience and skills so that their patients receive the very best care, when it is needed, as close to their homes as possible.

The TVFHT will:

1. Provide better access to care, closer to home.
2. Work as a team to keep patients healthy. The team will include physicians, nurse practitioners, nurses and other health care providers. Additional members, such as dietitians, pharmacists or other service providers may be added to the Team depending on the needs of the community.
3. Help patients navigate their way through the health care system.
4. Provide primary health care, chronic disease management and self-help tools to improve health.
5. Use information technology giving providers access to patient information and test results.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Basis of accounting

Accrual basis of accounting

Revenue and expenditures are recorded on the accrual basis. The accrual basis of accounting recognizes revenues, as they become available and measurable; expenditures are recognized, as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Capital assets

Capital assets are recorded at cost and depreciated over their estimated useful lives using the declining balance method. Depreciation is calculated based on the following rates:

Computer equipment and software	33%
Furniture and fixtures	10%
Leasehold improvements	10%

2. Summary of significant accounting policies (continued)

Income taxes

TVFHT is registered as a not-for profit agency in the Income Tax Act, and as such, there is no provision for income taxes.

Deferred contributions

Contributions received for capital assets are deferred and amortized at the same term and on the same basis as the related capital assets.

Recovery of current year funding

Funding received from the Ministry of Health and Long-Term Care is recognized as revenue in the year that it is received. Funding received that is not spent is recorded as a liability as it must be repaid to the Ministry of Health and Long-Term Care.

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 revenue and expenses during the reporting period. Significant estimates relate to the depreciation rates for capital assets, accruals and recovery of funding. Actual results could differ from those estimates.

Revenue recognition

Ministry of Health and Long Term Care "MOHLTC" funding is recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned is recognized as revenue of the fund in which the investment is held.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the TVFHT becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Interest earned on short term securities is included in interest income in the statement of operations.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.

2. Accounting policies (continued)

Financial instruments (continued)

With respect to financial assets measured at cost or amortized cost, the TVFHT recognizes in net earnings an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

3. Capital assets

	2018			2017
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer equipment and software	467,732	415,143	52,589	78,491
Furniture and fixtures	401,313	199,653	201,660	224,067
Leasehold improvements	535,989	337,563	198,426	220,474
	1,405,035	952,359	452,676	523,032

4. Deferred contributions for capital expenditures

	2018	2017
	\$	\$
Balance beginning of the year	523,032	534,423
Contributions received during the year for capital purposes	-	63,709
	523,032	598,132
Amortization of deferred capital contributions	70,356	75,100
	452,676	523,032
Less: current portion of deferred contributions for capital expenditures	57,363	72,007
Long-term deferred contributions for capital expenditures	395,313	451,025

Deferred capital contributions represent the unamortized amount of funding received for the purchase of capital assets. The amortization of the deferred capital contributions is recorded as revenue in the statement of operations.

5. Additional information to the statement of cash flows

	2018	2017
	\$	\$
Accounts receivable	82,160	(31,926)
Prepaid expenses	1,488	24,283
Accounts payable and accrued liabilities	31,537	90,568
Recovery of current year funding	745,333	5,471
Government remittances	47,528	86,119
Deferred revenue	23,257	(125)
	931,303	174,390

6. Capital management

The TVFHT's objectives when managing capital are to develop and maintain a financial model and a capital expenditure process, which supports the strategic directions of the TVFHT, and safeguards the TVFHT's ability to continue to provide benefits to its clients.

Capital at the entity is comprised of net assets. In order to maintain or adjust the capital structure, the entity must obtain additional funding or use surplus operating funds.

The entity is not subject to any externally imposed capital requirements.

7. Commitments

The TVFHT has entered into operating leases for various facilities. Future payments under the leases aggregate to \$1,377,674 including the following amounts over the next five years and thereafter:

	\$
2019	374,010
2020	340,680
2021	340,680
2022	222,075
2023	80,183
Thereafter	20,046

8. Economic dependence

TVFHT received 98.97% of its total revenue for the year ended March 31, 2018 (2017 - 98.96%) from the MOHLTC. Without the continued support of this funder it is unlikely that the TVFHT could continue to operate.

9. Financial instruments

Interest rate risk

The TVFHT does not have any form of borrowing and therefore the interest rate risk is very low.

Liquidity risk

Liquidity risk is the risk of being unable to meet a demand for cash or fund obligations as they come due. The TVFHT manages its liquidity risk by constantly monitoring forecasted and actual cash flow and financial liability maturities.

Accounts payable and accrued liabilities are generally paid within 30 days. There is no loan or other financial facility that contains covenants or demands of repayment.

10. Comparative financial information

Comparative information and corresponding figures have been modified to conform to current year financial statement presentation.

Thames Valley Family Health Team
Schedule A - Operating expenditures
year ended March 31, 2018

	2018	2017
	\$	\$
Salaries, wages and contract personnel	10,277,363	10,021,735
Rent and premises costs	639,826	628,573
Office supplies, equipment and memberships	483,693	545,384
Depreciation	70,356	75,101
Professional fees	68,930	56,669
Medical supplies	68,522	87,890
Insurance	40,841	29,801
Telephone	15,023	7,416
Travel	5,351	4,955
Advertising	2,922	3,025
	11,672,827	11,460,549

The accompanying notes to the financial statements are and integral part of this financial statement.