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Financial statements of  
Thames Valley Family Health Team

March 31, 2020

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## Independent Auditor's Report

To the Chairman and Members of  
Thames Valley Family Health Team

### Opinion

We have audited the financial statements of Thames Valley Family Health Team (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, 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.

### Responsibilities of Management 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 GAAS 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 GAAS, 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 Company'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 Company 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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 24, 2020

## Thames Valley Family Health Team

### Statement of operations

year ended March 31, 2020

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	Notes & Schedule	<b>2020</b> \$	2019 \$
<b>Revenue</b>			
Ontario Ministry of Health and Long-Term Care grant	8	<b>12,834,188</b>	12,382,992
Interest earned		<b>37,738</b>	34,504
Miscellaneous revenue		<b>212,078</b>	50,690
Amortization of deferred capital contributions	4	<b>49,258</b>	58,217
		<b>13,133,262</b>	12,526,403
<b>Expenditure</b>			
Operating	A	<b>12,795,360</b>	12,109,733
Excess of revenue over expenditure before recovery		<b>337,902</b>	416,670
Recovery of current year funding		<b>337,902</b>	416,670
Excess of revenue over expenditure for the year		<b>—</b>	—

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, 2020

	Notes	<b>2020</b>	2019
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
Current assets			
Cash		<b>1,187,347</b>	2,092,399
Accounts receivable		<b>165,755</b>	24,670
Statutory government remittances receivable		<b>171,304</b>	79,915
Prepaid expenses and deposits		<b>56,104</b>	41,887
		<b>1,580,510</b>	2,238,871
Capital assets	3	<b>362,275</b>	411,533
		<b>1,942,785</b>	2,650,404
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		<b>706,811</b>	593,910
Statutory government remittances payable		<b>85,364</b>	188,423
Recovery of funding		<b>787,512</b>	1,372,599
Deferred revenue		<b>823</b>	83,939
Current portion of deferred contributions for capital expenditures	4	<b>41,656</b>	49,257
		<b>1,622,166</b>	2,288,128
Commitments	7		
Long-term deferred contributions for capital expenditures	4	<b>320,619</b>	362,276
		<b>1,942,785</b>	2,650,404

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, 2020

	Notes	2020 \$	2019 \$
<b>Operating activities</b>			
Excess of revenues over expenditure		337,901	416,670
Recovery of current year funding		(337,901)	(416,670)
Adjustments for			
Amortization of capital assets		49,258	58,217
Amortization of deferred capital contributions		(49,258)	(58,217)
Changes in non-cash working capital items	5	(905,052)	366,919
		<b>(905,052)</b>	<b>366,919</b>
<b>Investing activities</b>			
Purchase of capital assets		—	(17,074)
Increase in deferred capital contributions	4	—	17,074
		<b>—</b>	<b>—</b>
Net change in cash		<b>(905,052)</b>	366,919
Cash, beginning of year		<b>2,092,399</b>	1,725,480
<b>Cash, end of year</b>		<b>1,187,347</b>	<b>2,092,399</b>

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, 2020

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#### 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 was initially funded for three years (through to fiscal year end of 2018-19), a fourth year of funding was added to the agreement at the beginning of the current fiscal year.

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.

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

### *Change in accounting policy*

#### *Adoption of Section 4433, Tangible capital assets held by non-for-profit organizations*

Effective April 1, 2019, the Organization adopted Handbook Section 4433, Tangible capital assets held by not-for-profit organizations ("Section 4433") replacing Section 4431 on the same topic. Section 4433 provides additional guidance related to componentization of tangible capital assets consisting of significant separable component parts, the recognition of partial impairments when the conditions indicate a tangible capital asset is impaired and related impairment disclosures. In accordance with the transition provisions, the Organization has applied Section 4433 prospectively. There was no impact on the disclosures or amounts recorded in the financial statements of the Organization related to the adoption of Section 4433.

### *Capital assets*

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

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

### *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.

## 2. Accounting policies (continued)

### *Revenue recognition*

The Organization follows the deferral method of accounting for contributions. Restricted contributions as well as funding received from the Ministry of Health and Long Term Care "MOHLTC", are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when they are 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.

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.

## 3. Capital assets

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2020 Net book value</b>	2019 Net book value
	\$	\$	\$	\$
Computer equipment and software	<b>467,732</b>	<b>444,125</b>	<b>23,607</b>	35,235
Furniture and fixtures	<b>412,071</b>	<b>239,778</b>	<b>172,293</b>	191,628
Leasehold improvements	<b>542,306</b>	<b>375,931</b>	<b>166,375</b>	184,670
	<b>1,422,109</b>	<b>1,059,834</b>	<b>362,275</b>	411,533

**4. Deferred contributions for capital expenditures**

	2020	2019
	\$	\$
Balance beginning of the year	<b>411,533</b>	452,676
Contributions received during the year for capital purposes	—	17,074
	<b>411,533</b>	469,750
Amortization of deferred capital contributions	<b>49,258</b>	58,217
	<b>362,275</b>	411,533
Less: current portion of deferred contributions for capital expenditures	<b>41,656</b>	49,257
Long-term deferred contributions for capital expenditures	<b>320,619</b>	362,276

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**

	2020	2019
	\$	\$
Accounts receivable	<b>(141,085)</b>	(20,388)
Prepaid expenses and deposits	<b>(14,217)</b>	16,729
Accounts payable and accrued liabilities	<b>112,901</b>	(85,048)
Recovery of funding	<b>(585,087)</b>	439,269
Statutory government remittances receivable	<b>(194,448)</b>	13,200
Deferred revenue	<b>(83,116)</b>	3,157
	<b>(905,052)</b>	366,919

**6. Commitments**

The TVFHT has entered into operating leases for various facilities. Future payments under the leases aggregate to \$738,590 including the following amounts over the next four years:

	\$
2021	387,408
2022	247,987
2023	82,556
2024	20,639

**7. Economic dependence**

TVFHT received 97.72% of its total revenue for the year ended March 31, 2020 (2019 - 98.86%) from the MOHLTC. Without the continued support of this funder it is unlikely that the TVFHT could continue to operate.

**8. 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. TVFHT manages its liquidity risk by constantly monitoring forecasted and actual cash flow and financial liability maturities. The largest liability presented is the recovery of funding by the MOHLTC, for which TVFHT requires continued support from as described in note 7.

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.

**9. COVID-19**

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic which has caused significant impact on the global economy. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report and management continues to monitor its effect on the organization.

TVFHT has continued to provide virtual services during the COVID-19 outbreak and as at the report date, the MOHLTC has maintained its related funding.

**Thames Valley Family Health Team**  
**Schedule A - Operating expenditures**  
year ended March 31, 2020

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	<b>2020</b>	2019
	<b>\$</b>	\$
Salaries, wages and contract personnel	<b>11,333,405</b>	10,669,455
Rent and premises costs	<b>671,669</b>	643,326
Office supplies, equipment and memberships	<b>457,665</b>	492,995
Amortization	<b>49,258</b>	58,217
Professional fees	<b>115,490</b>	74,718
Medical supplies	<b>112,271</b>	84,779
Insurance	<b>32,146</b>	30,859
Telephone	<b>7,627</b>	16,089
Travel	<b>4,223</b>	5,902
Advertising	<b>11,606</b>	33,393
	<b>12,795,360</b>	12,109,733

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