

Thames Valley Family Health Team
Financial Statements
March 31, 2022

Thames Valley Family Health Team Contents

For the year ended March 31, 2022

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To the 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, 2022, 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, 2022, 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.

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.

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.

London, Ontario

June 23, 2022

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Thames Valley Family Health Team

(Incorporated under the laws of Ontario)


Statement of Financial Position

As at March 31, 2022

	2022	2021
Assets		
Current		
Cash	\$ 3,159,854	\$ 2,969,821
Accounts receivable	792,282	58,492
Statutory government remittances receivable	514,896	422,951
Prepaid expenses and deposits	65,081	32,213
	4,532,113	3,483,477
Long-term		
Property, plant and equipment (note 3)	464,930	589,291
	\$ 4,997,043	\$ 4,072,768
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,352,429	\$ 1,109,429
Statutory government remittances payable	-	7,120
Recovery of funding	2,473,225	1,798,420
Deferred revenue	706,459	568,509
Current portion of deferred contributions for capital expenditures (note 4)	90,333	124,362
	4,622,446	3,607,840
Commitments (note 7)		
Long-term deferred contributions for capital expenditures (note 4)	374,597	464,928
	\$ 4,997,043	\$ 4,072,768

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board



Director Cathy Frederick, Board Chair



Director Mike McMahon, Executive Director

Thames Valley Family Health Team

Statement of Operations

Year ended March 31, 2022

	2022	2021
Revenues		
Ontario Ministry of Health and Long-Term Care grant (note 7)	\$ 14,252,453	\$ 13,139,715
Oakridge COVID-19 Assessment Centre	2,897,740	1,768,209
Amortization of deferred capital contributions (note 4)	124,361	94,748
Interest earned	18,057	10,295
Miscellaneous revenue	-	5,428
	17,292,611	15,018,395
Expenses		
Operations (schedule 1)	16,158,741	14,015,152
Other revenue and expense		
Government assistance (note 8)	-	25,000
Exchange gain or loss	(22,163)	(17,336)
	(22,163)	7,664
Excess of revenue over expenditure before recovery	1,111,707	1,010,907
Recovery of current year funding	1,111,707	1,010,907
Excess of revenue over expenditure for the year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

Thames Valley Family Health Team

(Incorporated under the laws of Ontario)

Statement of Cash Flows

Year ended March 31, 2022

	2022	2021
Operating activities		
Excess of revenues over expenditure	1,111,707	1,010,907
Recovery of current year funding	(1,111,707)	(1,010,907)
Adjustments for		
Amortization of capital assets	124,361	94,748
Amortization of deferred capital contributions	(124,361)	(94,748)
	-	-
Change in non-cash working capital items		
(Increase) decrease in accounts receivable	(733,790)	107,263
(Increase) decrease in prepaid expenses	(32,868)	23,891
Increase in statutory government remittances receivable	(99,065)	(329,891)
Increase in accounts payable and accrued liabilities	243,001	402,617
Increase in recovery of funding	674,805	1,010,908
Increase in deferred revenue	137,950	567,686
	190,033	1,782,474
Investing activity		
Increase in deferred contributions for capital expenditures	-	321,763
Purchase of property, plant, and equipment	-	(321,763)
	-	-
Change in cash position	190,033	1,782,474
Cash, beginning of year	2,969,821	1,187,347
Cash, end of year	\$ 3,159,854	\$ 2,969,821

The accompanying notes are an integral part of these financial statements

Thames Valley Family Health Team

Notes to the Financial Statements

For the year ended March 31, 2022

1. Business description

The concept of Thames Valley Family Health Team ("TVFHT") was introduced by the Provincial Ministry of Health and Long-Term Care in 2004. The 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. 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

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 declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
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.

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

Deferred contributions related to capital assets

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

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.

Thames Valley Family Health Team
Notes to the Financial Statements
For the year ended March 31, 2022

3. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2022 Net book value</i>	<i>2021 Net book value</i>
Computer equipment and software	789,495	598,887	190,608	284,489
Furniture and fixtures	412,071	272,513	139,558	155,064
Leasehold improvements	542,306	407,542	134,764	149,738
	1,743,872	1,278,942	464,930	589,291

Amortization for the year is \$124,361 (2021 - \$94,748).

4. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of funding received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	<i>2022</i>	<i>2021</i>
Balance, beginning of the year	589,290	362,275
Contributed capital assets	-	321,763
Less: Amortization of deferred capital contributions	(124,360)	(94,748)
	464,930	589,290
Less: current portion of deferred contributions for capital expenditure	90,333	124,362
Long-term deferred contributions for capital expenditure	374,597	464,928

5. Commitments

The TVFHT has entered into various operating lease agreements. Future payments under the leases include estimated minimum annual payments as follows:

2023	375,765
2024	190,911
2025	39,442
	606,118

6. Economic dependence

TVFHT received 82.4% (2021 - 87.5%) of its total revenue for the year ended March 31, 2022 from the MOHLTC. Without the continued support of this funder it is unlikely that the TVFHT could continue to operate.

7. Financial instruments

Interest rate risk

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

7. Financial instruments *(Continued from previous page)*

Liquidity risk

Liquidity risk is the risk of being unable to meet 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 6.

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.

8. Government assistance

During the prior year, TVFHT received income from the 10% Temporary Wage Subsidy ("TWS") program which provided relief for eligible employers through a 10% reduction in payroll deductions paid between March 18, 2020 to June 19, 2020, up to \$1,375 for each eligible employee. The total benefit received in the year was \$Nil (2021 - \$25,000).

9. Impact on operations of COVID-19

In early March 2020 the impact of the global outbreak of COVID-19 began to have a significant impact on organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Organization's operations were impacted by COVID-19 due to temporary closure of operations, reduced customer demand, restricted access to campsites, added cleaning and supply costs, and cost management strategies.

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

Thames Valley Family Health Team
Schedule 1 - Schedule of Expenses

For the year ended March 31, 2022

	2022	2021
Expenses		
Salaries, wages and contract personnel	12,885,813	12,020,074
Office supplies, equipment and memberships	1,923,931	764,358
Rent and premises costs	713,513	766,094
Professional fees	158,449	158,648
Medical supplies	133,741	98,851
Amortization	124,361	94,748
Telephone	101,603	15,465
Advertising	68,912	33,602
Insurance	35,547	35,437
Travel	12,871	27,875
	16,158,741	14,015,152
