

Thames Valley Family Health Team
Financial Statements
March 31, 2023

Thames Valley Family Health Team Contents

For the year ended March 31, 2023

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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, 2023, 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, 2023, 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 22, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Thames Valley Family Health Team

Statement of Financial Position

As at March 31, 2023

	2023	2022
Assets		
Current		
Cash	\$ 3,324,769	\$ 3,159,854
Short-term investments (note 3)	2,250,000	-
Accounts receivable	167,262	792,282
Statutory government remittances receivable	246,019	514,896
Prepaid expenses and deposits	83,153	65,081
	6,071,203	4,532,113
Long-term		
Property, plant and equipment (note 4)	374,597	464,930
	\$ 6,445,800	\$ 4,997,043
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,755,595	\$ 1,352,429
Recovery of funding	2,874,700	2,473,224
Deferred revenue	1,440,908	706,459
Current portion of deferred contributions for capital expenditures (note 5)	69,576	90,333
	6,140,779	4,622,445
Commitments (note 6)		
Long-term deferred contributions for capital expenditures (note 5)	305,021	374,597
	\$ 6,445,800	\$ 4,997,042

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board

Director

Director

Thames Valley Family Health Team
Statement of Operations
Year ended March 31, 2023

	2023	2022
Revenues		
Ontario Ministry of Health and Long-Term Care grant (note 8)	\$ 14,872,958	\$ 14,252,453
Other healthcare funding	1,460,200	2,897,740
Amortization of deferred capital contributions (note 5)	90,333	124,361
Interest earned	81,370	18,057
	16,504,861	17,292,611
Expenses		
Operations (schedule 1)	16,084,632	16,158,741
Other revenue and expense		
Exchange gain or loss	(18,754)	(22,163)
Excess of revenue over expenditure before recovery	401,475	1,111,707
Recovery of current year funding	401,475	1,111,707
Excess of revenue over expenditure for the year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

Thames Valley Family Health Team

Statement of Cash Flows

Year ended March 31, 2023

	2023	2022
Operating activities		
Excess of revenues over expenditure	401,475	1,111,707
Recovery of current year funding	(401,475)	(1,111,707)
Adjustments for		
Amortization of capital assets	90,333	124,361
Amortization of deferred capital contributions	(90,333)	(124,361)
	-	-
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	625,020	(733,790)
Increase in prepaid expenses	(18,072)	(32,868)
Decrease (increase) in statutory government remittances receivable	268,877	(99,065)
Increase in accounts payable and accrued liabilities	403,167	243,001
Increase in recovery of funding	401,476	674,805
Increase in deferred revenue	734,449	137,950
	2,414,917	190,033
Investing activity		
Purchase of short-term investments	(2,250,000)	-
Change in cash position	164,917	190,033
Cash, beginning of year	3,159,854	2,969,821
Cash, end of year	\$ 3,324,769	\$ 3,159,854

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, 2023

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

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

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 excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

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

Financial asset impairment

The Organization assesses impairment of all 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, there are numerous assets affected by the same factors, or when no asset is individually significant. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments 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.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, 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 at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue 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 excess (deficiency) of revenue over expenses in the year the reversal occurs.

3. Investments

TVFHT obtained two short-term GICs through RBC during the year with terms as follows:

	2023	2022
RBC GIC (annual interest rate: 1.20%, matures May 2023)	1,250,000	-
RBC GIC (annual interest rate: 4.45%, matures Jan 2024)	1,000,000	-
	2,250,000	-

Thames Valley Family Health Team
Notes to the Financial Statements
For the year ended March 31, 2023

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>	<i>2022 Net book value</i>
Computer equipment and software	789,495	661,788	127,707	190,608
Furniture and fixtures	412,071	286,469	125,602	139,558
Leasehold improvements	542,306	421,018	121,288	134,764
	1,743,872	1,369,275	374,597	464,930

Amortization for the year is \$90,333 (2022 - \$124,361).

5. 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>2023</i>	<i>2022</i>
Balance, beginning of the year	464,930	589,290
Less: Amortization of deferred capital contributions	(90,333)	(124,360)
	374,597	464,930
Less: current portion of deferred contributions for capital expenditure	69,576	90,333
Long-term deferred contributions for capital expenditure	305,021	374,597

6. Commitments

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

2024	378,132
2025	534,124
2026	518,568
2027	518,568
2028	518,568
Thereafter	3,024,979
	5,492,939

7. Economic dependence

TVFHT received 92.2% (2022 - 82.4%) of its total revenue for the year ended March 31, 2023 from the MOHLTC. Without the continued support of this funder it is unlikely that the TVFHT could continue to operate.

8. Financial instruments

Credit Risk

The financial instruments that potentially subject the TVFHT to a significant concentration of credit risk consist primarily of cash, short-term investments, and accounts receivable. The TVFHT mitigates its exposure to credit loss by placing its cash and short-term investments with major financial institutions. The TVFHT routinely assesses the financial strength of its clients and, as a consequence, believes that its accounts receivable credit risk exposure is limited.

Interest rate risk

The TVFHT only carries short-term GIC investments and does not have any form of borrowing. Therefore, the interest rate risk is very low.

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 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.

Thames Valley Family Health Team
Schedule 1 - Schedule of Expenses

For the year ended March 31, 2023

	2023	2022
Expenses		
Salaries, wages and contract personnel	12,367,259	12,885,813
Office supplies, equipment and memberships	2,451,513	1,923,931
Rent and premises costs	731,945	713,513
Professional fees	147,111	158,449
Medical supplies	133,757	133,741
Amortization	90,333	124,361
Telephone	86,378	101,603
Insurance	37,933	35,547
Travel	25,117	12,871
Advertising	13,286	68,912
	16,084,632	16,158,741
