

**NANAIMO DIVISION OF FAMILY
PRACTICE SOCIETY**

**Financial Statements
March 31, 2018**

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Report on the Financial Statements

We have audited the accompanying financial statements of Nanaimo Division of Family Practice Society, which comprise the statement of financial position as at March 31, 2018 and the statements of operations and changes in net assets 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.

Auditors' 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 auditors' 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 Nanaimo Division of Family Practice Society 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.

Report on Other Legal and Regulatory Requirements

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Smythe LLP

Chartered Professional Accountants


Vancouver, British Columbia
June 7, 2018

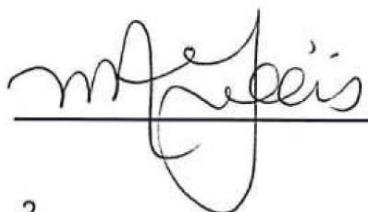
NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY
Statement of Financial Position
March 31

	2018	2017
Assets		
Current		
Cash	\$ 162,993	\$ 183,011
Cash and term deposit provided by funding	510,409	465,293
Amounts receivable	33,928	30,745
GST receivable	4,460	3,016
Deposit	1,648	0
	\$ 713,438	\$ 682,065
Liabilities		
Current		
Accounts payable and accrued liabilities (note 5)	\$ 121,601	\$ 122,575
Wages payable (note 6)	24,861	34,678
Deferred revenue (note 7)	544,337	496,038
	690,799	653,291
Net Assets		
Unrestricted	22,639	28,774
	\$ 713,438	\$ 682,065

Commitments (note 8)

Approved on behalf of the Board


 _____ Director
 Kevin Ridge


 _____ Director

See notes to financial statements.

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY
Statement of Operations and Changes in Net Assets
Year Ended March 31

	2018	2017
Revenues		
Government funding	\$ 1,228,061	\$ 1,193,305
Interest	915	466
Rental	0	900
	1,228,976	1,194,671
Expenditures		
Administrative (schedule)	1,100,360	1,076,401
Rent (note 8)	31,526	16,989
Office	27,672	21,255
Events	23,446	34,853
Conferences	21,880	23,050
Professional fees	18,051	13,369
Promotion and member engagement	8,620	5,771
Telephone	3,556	1,617
	1,235,111	1,193,305
Excess (Deficiency) of Revenues over Expenditures for Year	(6,135)	1,366
Net Assets, Beginning of Year	28,774	30,959
Amortization of Capital Assets	0	(3,551)
Net Assets, End of Year	\$ 22,639	\$ 28,774

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY
Statement of Cash Flows
Year Ended March 31

	2018	2017
Operating Activities		
Excess (deficiency) of revenues over expenditures	\$ (6,135)	\$ 1,366
Changes in non-cash operating working capital		
Amounts receivable	(3,183)	0
GST receivable	(1,444)	7,162
Deposit	(1,648)	1,877
Accounts payable and accrued liabilities	(974)	8,799
Wages payable	(9,817)	(12,296)
Deferred revenue	48,299	46,180
Cash Provided by Operating Activities	25,098	53,088
Inflow of Cash	25,098	53,088
Cash, Beginning of Year	648,304	595,216
Cash, End of Year	\$ 673,402	\$ 648,304
Supplemental Cash Flow Information		
Cash	\$ 162,993	\$ 183,011
Cash and term deposit provided by funding	510,409	465,293
	\$ 673,402	\$ 648,304

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2018

1. PURPOSE AND STATUS

The Nanaimo Division of Family Practice Society (the "Society") is a not-for-profit organization incorporated on November 22, 2011 under the *Society Act* (British Columbia) and commenced operations April 1, 2012. The Society is a community-based organization consisting of family physicians. The purpose of the Society is for member physicians to address common health care goals and improve patient care in the Nanaimo area.

2. ECONOMIC DEPENDENCE

The Society is dependent on the Doctors of BC (also known as the British Columbia Medical Association ("BCMA")) with respect to revenues. Funding is generally determined on an annual basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Society were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

(a) Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions to cover the Society's expenditures are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted income is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Use of estimates

The preparation of financial statements in conformity with ASNPO 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 revenues and expenses during the reporting period. Estimates include the accrual of payables. Management believes these estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

(c) Income taxes

The Society is tax exempt under section 149 (1)(l) of the *Income Tax Act* (Canada).

4. FINANCIAL INSTRUMENTS

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Society is not exposed to significant credit risk, as amounts receivable (excluding GST rebate) consist of infrastructure and residential care funding receivable that was collected subsequent to year-end. Credit risk with respect to cash is minimized, as cash is held with a major Canadian financial institution.

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2018

4. FINANCIAL INSTRUMENTS (Continued)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Society is not exposed to significant interest rate risk due to the short-term nature of its monetary assets and liabilities.

(c) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities.

The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. Cash flow from operations provides a substantial portion of the Society's cash requirements to meet its obligations.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is \$7,053 (2017 - \$5,612) due to directors of the Society. These liabilities arose from transactions that were in the Society's normal course of operations.

6. GOVERNMENT REMITTANCES

Included in wages payable are government remittances payable of \$15,597 (2017 - \$22,666).

7. DEFERRED REVENUE

During the year, the Society received funding from the Doctors of BC of \$1,276,360 (2017 - \$1,239,485) as follows:

	2018	2017
Infrastructure	\$ 578,215	\$ 509,485
Residential Care Initiative	362,000	362,000
Patient Medical Home	125,000	53,000
Wound Care	123,575	130,000
Maternity Care Collaborative	35,000	0
Cognitive Behaviour Therapy	30,000	0
Best Pilot Project	14,130	0
VIU Clinic	8,440	0
Partners in Care	0	185,000
Transitions in Care	0	0
	\$ 1,276,360	\$ 1,239,485

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY
Notes to Financial Statements
Year Ended March 31, 2018

7. DEFERRED REVENUE (Continued)

Of the amounts received during the year, the following amounts have been deferred to the next fiscal year-end:

	2018	2017
Residential Care Initiative	\$ 254,753	\$ 202,362
Patient Medical Home	83,868	28,325
Wound Care	69,060	49,254
Maternity Care Collaborative	53,362	48,205
Cognitive Behaviour Therapy	28,316	0
Transitions in Care	26,635	31,679
Partners in Care	14,213	102,827
Best Pilot Project	14,130	0
Infrastructure	0	33,057
Recruitment and Retention	0	329
VIU Clinic	0	0
	\$ 544,337	\$ 496,038

8. COMMITMENTS

During the year, the Society moved and incurred approximately \$9,000 of relocation expenses.

The Society is committed to rental payments for office premises for \$20,771 in fiscal 2019 and \$8,655 in fiscal 2020. The office premise lease expires August 31, 2019.

9. REMUNERATION OF DIRECTORS, EMPLOYEES AND/OR CONTRACTORS

During the year, the Society paid three employees and/or contractors earning more than \$75,000 each a total of approximately \$228,000. The Society remunerated its Board of Directors as follows:

	Board Work	Non-Board Work
Chair	\$ 27,823	\$ 0
Treasurer	7,759	12,409
Director 1	10,247	0
Director 2	9,810	1,400
Director 3	5,306	4,229
Director 4	4,773	1,766
Director 5	9,449	0
Director 6	2,522	0
Director 7	2,522	1,018
Director 8	11,270	3,516
Director 9	7,559	530
	\$ 99,040	\$ 24,868

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY
Schedule of Administrative Expenditures
Year Ended March 31

	2018	2017
Expenditures		
Executive Director	\$ 130,835	\$ 132,214
Society administration	90,263	128,567
Board	57,272	50,914
Professional development	8,577	12,590
	286,947	324,285
Working Groups		
Residential Care Initiative ¹	309,610	237,379
Recruitment and Retention ²	114,411	157,543
Wound Care Working Group ³	103,768	81,958
Partners in Care-Substance Use ¹	88,616	97,932
Patient Medical Home ¹	69,457	24,675
OB Collaborative ⁹	29,843	52,065
Continuing Medical Education Working Group ⁵	29,592	14,803
Hospital Group/Maternity ⁷	26,342	4,456
Pathways Project ¹	16,493	0
VIU Impact Project ¹	8,948	0
Transitions and Communication Working Group ⁴	5,044	35,575
Health Cities Working Group ¹	1,729	983
Cognitive Behaviour Therapy ¹	1,684	0
Advanced Care ¹	0	22,615
A GP for Me Implementation ⁶	0	7,133
	805,537	737,117
Committee		
Collaborative Services Committee	7,876	14,999
	\$ 1,100,360	\$ 1,076,401

¹ Shared Care Partners in Care

² System of Physician Coverage in Nanaimo and Gabriola Island

³ Managing Chronic Wounds

⁴ Doctors of BC Transitions in Care Program

⁵ GP/Specialist Relationship

⁶ GP/Patient Continuous Relationship

⁷ Hospital Privileges, GP/Specialist Relationship/Maternity

⁸ Child and Youth Mental Health and Substance Use

⁹ Collaborative Care