

**NANAIMO DIVISION OF
FAMILY PRACTICE SOCIETY
Financial Statements - March 31, 2019**

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MANAGEMENT REPORT


March 31, 2019

The Board of the Nanaimo Division of Family Practice Society has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of Nanaimo Division of Family Practice Society. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with the requirements of the British Columbia Societies Act and Canadian accounting standards for not-for-profit organizations, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of the financial statements. These systems are monitored and evaluated by management.

The Nanaimo Division of Family Practice Society's independent auditors, Chan Nowosad Boates Inc., Chartered Professional Accountants, are engaged to express an opinion as to whether these financial statements present fairly the Nanaimo Division of Family Practice Society's financial position and operating results in accordance with Canadian accounting standards for not-for-profit organizations. Their opinion is based on procedures they consider sufficient to support such an opinion.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian accounting standards for not-for-profit organizations. These statements present, in all significant respects the financial position of the Nanaimo Division of Family Practice Society as at March 31, 2019.



Leslie Keenan
Executive Director
June 6, 2019



INDEPENDENT AUDITORS' REPORT

To the Members of Nanaimo Division of Family Practice Society

Opinion

We have audited the accompanying financial statements of Nanaimo Division of Family Practice Society (the "Division"), which comprise the statement of financial position as at March 31, 2019, 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.

In our opinion, the Division's financial statements present fairly, in all material respects, the financial position of the Division as at March 31, 2019, and its financial performance and its cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Division 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 of 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 Division'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 intends for the Division to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Division's financial reporting process.

Auditors' 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 auditors' 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 the users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 Division'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 Division's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Division 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.
- 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia) we report that in our opinion accounting principals applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Other Matters

The financial statements for the year ended March 31, 2018 were audited by another firm of Chartered Professional Accountants, who expressed an unqualified opinion on those financial statements on June 7, 2018.

Chan Nowosel Bonte Inc.

Chartered Professional Accountants
Campbell River, BC

June 6, 2019

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Statement of Financial Position

March 31, 2019

2019

2018

\$

\$

ASSETS

Current Assets

Cash	886,638	472,021
Short Term Investment	203,912	201,381
Accounts Receivable	43,064	33,928
GST Recoverable	7,653	4,460
Deposit on Lease	1,648	1,648
	<u>1,142,915</u>	<u>713,438</u>

LIABILITIES

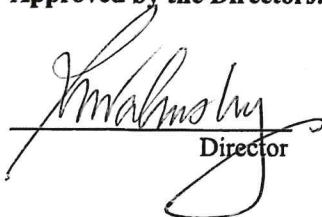
Current Liabilities

Accounts Payable (Note 3)	113,042	121,601
Wages Payable	18,422	9,264
Government Remittances Payable	19,289	15,597
Deferred Revenues (Note 4)	<u>966,409</u>	<u>544,337</u>
	<u>1,117,162</u>	<u>690,799</u>

NET ASSETS

<u>25,753</u>	<u>22,639</u>
<u>1,142,915</u>	<u>713,438</u>

Approved by the Directors:


Director


Director

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Statement of Operations and Changes in Net Assets

Year Ended March 31, 2019

	2019	2018
	\$	\$
Revenues		
Government Funding	1,287,627	1,228,061
Interest	<u>2,531</u>	<u>915</u>
	<u>1,290,158</u>	<u>1,228,976</u>
Expenditures		
Administrative (Schedule 1)	1,165,288	1,100,360
Conferences	2,187	4,313
Events	31,298	23,446
Office	35,248	45,239
Professional Fees	16,678	18,051
Promotion and Member Engagement	3,030	8,620
Rent	31,215	31,526
Telephone	<u>2,100</u>	<u>3,556</u>
	<u>1,287,044</u>	<u>1,235,111</u>
Excess (Deficiency) of Revenues Over Expenditures	3,114	(6,135)
Net Asset - Beginning of Year	<u>22,639</u>	<u>28,774</u>
Net Assets - End of Year	<u>25,753</u>	<u>22,639</u>

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Statement of Cash Flows

Year Ended March 31, 2019

	2019	2018
	\$	\$
Cash Flows From Operating Activities:		
Cash Received from Funding	1,699,901	1,271,733
Cash Paid to Suppliers and Employees	(1,282,753)	(1,247,550)
Interest Received	2,531	915
	<u>417,148</u>	<u>25,098</u>
Cash Flows From Financing Activities:	<u>-</u>	<u>-</u>
Cash Flows From Investing Activities:		
Proceeds from Redemption of GIC	201,381	-
Purchase of GIC	(203,912)	(201,381)
	<u>(2,531)</u>	<u>(201,381)</u>
Net Increase (Decrease) in Cash	414,617	(176,283)
Cash and Cash Equivalents - Beginning of Year	<u>472,021</u>	<u>648,304</u>
Cash and Cash Equivalents - End of Year	<u>886,638</u>	<u>472,021</u>

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Notes to Financial Statements

March 31, 2019

1. Organization and Purpose:

The Nanaimo Division of Family Practice Society ("the Division") was incorporated without share capital under the Society Act of British Columbia on November 22, 2011, and commenced operations on April 1, 2012. The Division is a not-for-profit under the Income Tax Act and accordingly exempt from income taxes, providing certain requirements of the Income Tax Act are met.

The Division is a community-based organization consisting of family physicians. The purpose of the Division is for member physicians to address common health care goals and improve patient care in the Nanaimo area.

2. Significant Accounting Policies:

Basis of Presentation

The financial statements of the Division have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances held with banks.

Revenue Recognition

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

Measurement Uncertainty

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.

Areas of management uncertainty include accounts receivable, which are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where and if considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the Statement of Operations in the periods in which they become known.

Financial Instruments

The Division recognizes its financial instruments when the Division becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount.

3. Accounts Payable:

Included in accounts payable is \$14,774 (2018 - \$7,053) due to directors of the Division. These liabilities arose from transactions that were in the Division's normal course of operations.

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Notes to Financial Statements

March 31, 2019

4. Deferred Revenues:

Deferred revenues represent unspent amounts which have been externally restricted for the delivery of specified programs. Changes in the balances during the year are as follows:

	Deferred Revenues March 31, 2018 \$	Funding Received \$	Revenue Recognized \$	Approved Transfers \$	Deferred Revenues March 31, 2019 \$
Residential Care Initiative	254,753	362,070	333,731	-	283,092
Patient Medical Home	83,868	125,000	82,159	-	126,709
Wound Care	69,060	9,122	36,177	-	42,005
Maternity Care Collaborative	53,362	-	31,987	-	21,375
Cognitive Behaviour Therapy	28,316	-	7,124	-	21,192
BeST Pilot Project	14,130	114,219	47,503	-	80,846
Patient Medical Home Network	-	304,000	90,481	-	213,519
Partners in Care Substance Use	-	182,549	47,402	40,037	175,184
Infrastructure	-	612,739	610,252	-	2,487
Transitions in Care Seniors	26,635	-	211	(26,424)	-
Partners in Care	14,213	-	600	(13,613)	-
	<u>544,337</u>	<u>1,709,699</u>	<u>1,287,627</u>	<u>-</u>	<u>966,409</u>

5. Economic Dependence:

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

6. Financial Instruments:

The Division is exposed to various risks through its financial instruments. The following analysis presents the Division's exposure to significant risk at the reporting date, March 31, 2019:

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Accounts Payable and Accrued Liabilities are generally repaid within 30 days.

The Division believes that it is not exposed to significant interest-rate, market, credit, or cash flow risk arising from its financial instruments.

7. Director, Contractor, and Employee Remuneration:

Directors are compensated for time spent on Division's activities including meeting and committee involvement. Total remuneration for Directors during the year was \$170,587 (2018 - \$123,908). The Division paid three employees and one contractor over \$75,000 during the year. Total remuneration to employees and contractors paid over \$75,000 during the year was \$391,446 (2018 - \$228,000).

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Notes to Financial Statements

March 31, 2019

8. Commitments:

The Division is committed to rental payments for office premises for \$9,580 in fiscal 2020. The office premise lease expires August 31, 2019 and as of the date of these financial statements has not been renewed.

9. Comparative Figures:

Certain 2018 comparative figures, which were reported on by another firm of Chartered Professional Accountants, have been reclassified, when necessary, to conform with the financial statement presentation adopted in the current year.

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Schedule 1 - Administrative Expenditures

Year Ended March 31, 2019

2019

2018

\$

\$

Expenditures

Executive Director	137,580	130,835
Division Administration	92,498	90,263
Board	60,174	57,272
Professional Development	4,733	8,577
	<u>294,985</u>	<u>286,947</u>

Working Groups

Behavioural Support Team (BeST)	47,503	-
Residential Care Initiative	333,732	309,610
Recruitment and Retention	130,469	114,411
Wound Care Working Group	36,009	103,768
Partners in Care-Substance Use	48,002	88,616
Patient Medical Home	82,159	69,457
Patient Medical Home Network	90,481	-
OB Collaborative	31,987	29,843
Continuing Medical Education Working Group	36,064	29,592
Pathway Project	11,996	16,493
Transitions and Communication Working Group	211	5,044
Cognitive Behaviour Therapy	7,124	1,684
Hospital Group/Maternity	-	26,342
VIU Impact Project	-	8,948
Health Cities Working Group	-	1,729
	<u>855,737</u>	<u>805,537</u>

Committee

Collaborative Services Committee	<u>14,566</u>	<u>7,876</u>
	<u>1,165,288</u>	<u>1,100,360</u>