

**NANAIMO DIVISION OF
FAMILY PRACTICE SOCIETY
Financial Statements - March 31, 2020**

Independent Auditors' Report
Statement of Financial Position
Statement of Operations and Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements
Schedule 1 - Administrative Expenditures



INDEPENDENT AUDITORS' REPORT

To the Members of the Nanaimo Division of Family Practice Society

Opinion

We have audited the accompanying financial statements of the Nanaimo Division of Family Practice Society (the "Division"), which comprise the statement of financial position as at March 31, 2020, 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 (hereinafter referred to as the "financial statements").

In our opinion, the Division's financial statements present fairly, in all material respects, the financial position of the Division as at March 31, 2020, and of 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 Auditor's 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 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 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 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 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 Society Act (British Columbia), we report, that in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with the prior year.

Chan Nowosad Boates

Chartered Professional Accountants
Campbell River, BC

June 4, 2020

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Statement of Financial Position

March 31, 2020

2020

2019

\$

\$

ASSETS

Current Assets

Cash	861,825	886,638
Short Term Investment	207,378	203,912
Accounts Receivable	31,712	43,064
GST Recoverable	5,118	7,653
Deposit on Lease	1,648	1,648
	<u>1,107,681</u>	<u>1,142,915</u>

LIABILITIES


Current Liabilities

Accounts Payable (Note 3)	86,863	113,042
Wages Payable	14,794	18,422
Government Remittances Payable	15,264	19,289
Deferred Revenues (Note 4)	<u>961,540</u>	<u>966,409</u>
	1,078,461	1,117,162

NET ASSETS

	<u>29,220</u>	<u>25,753</u>
	<u>1,107,681</u>	<u>1,142,915</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, 2020

	2020	2019
	\$	\$
Revenues		
Government Funding	1,437,151	1,287,627
Interest	<u>3,467</u>	<u>2,531</u>
	<u>1,440,618</u>	<u>1,290,158</u>
Expenditures		
Administrative (Schedule 1)	1,280,558	1,165,288
Conferences	13,448	2,187
Events	34,076	31,298
Office	49,938	35,248
Professional Fees	15,346	16,678
Promotion and Member Engagement	6,357	3,030
Rent	34,792	31,215
Telephone	<u>2,636</u>	<u>2,100</u>
	<u>1,437,151</u>	<u>1,287,044</u>
Excess of Revenues Over Expenditures	3,467	3,114
Net Assets - Beginning of Year	<u>25,753</u>	<u>22,639</u>
Net Assets - End of Year	<u><u>29,220</u></u>	<u><u>25,753</u></u>

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Statement of Cash Flows

Year Ended March 31, 2020

	2020	2019
	\$	\$
Cash Flows From Operating Activities:		
Cash Received from Funding	1,446,169	1,697,370
Cash Paid to Suppliers and Employees	(1,470,983)	(1,282,753)
Interest Received	<u>3,467</u>	<u>2,531</u>
	<u>(21,347)</u>	<u>417,148</u>
Cash Flows From Investing Activities:		
Proceeds from Redemption of GIC	203,912	201,381
Purchase of GIC	<u>(207,378)</u>	<u>(203,912)</u>
	<u>(3,466)</u>	<u>(2,531)</u>
Net Increase (Decrease) in Cash	(24,813)	414,617
Cash and Cash Equivalents - Beginning of Year	<u>886,638</u>	<u>472,021</u>
Cash and Cash Equivalents - End of Year	<u><u>861,825</u></u>	<u><u>886,638</u></u>

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Notes to Financial Statements

March 31, 2020

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 \$8,341 (2019 - \$14,774) 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, 2020

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, 2019 \$	Funding Received \$	Revenue Recognized \$	Return of Unspent Funds \$	Deferred Revenues March 31, 2020 \$
Long Term Care Initiative	283,092	362,991	357,258	-	288,825
Patient Medical Home	126,709	-	105,308	-	21,401
Wound Care	42,005	-	15,775	26,230	-
OB Collaborative	21,375	-	3,176	-	18,199
Cognitive Behaviour Therapy	21,192	-	1,676	-	19,516
BeST Pilot Project	80,846	-	41,867	-	38,979
Patient Medical Home Network	213,519	-	143,703	-	69,816
Partners in Care Substance Use Infrastructure	175,184 2,487	21,638 686,039	62,012 611,042	- -	134,810 77,484
Innovation Fund	-	43,288	13,787	-	29,501
Patient Attachment Mechanism	-	35,000	-	-	35,000
Physician Change Management	-	221,555	22,763	-	198,792
Indigenous Liaison	-	53,000	53,000	-	-
Spread Network	-	15,000	5,762	-	9,238
Shared Care Steering Committee	-	20,000	21	-	19,979
	<u>966,409</u>	<u>1,458,511</u>	<u>1,437,150</u>	<u>26,230</u>	<u>961,540</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, 2020:

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.

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Notes to Financial Statements

March 31, 2020

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 \$182,513 (2019 - \$170,587). The Division paid two employees and one contractor over \$75,000 during the year. Total remuneration to employees and contractors paid over \$75,000 during the year was \$320,902 (2019 - \$391,446).

8. Commitments:

The Division is committed to rental payments for office premises, excluding common area costs, as described below. The office premises lease expires August 31, 2023.

Year	\$
2021	16,563
2022	17,254
2023	17,254
2024	7,189

The Division is also committed to rental payments for copier equipment as described below. The copier lease expires June 30, 2023 and the Division has assessed it as an operating lease.

Year	\$
2021	2,352
2022	2,352
2023	2,352
2024	588

9. Subsequent Events:

The Division evaluated its March 31, 2020 financial statements for subsequent events to the date the financial statements were issued. As of this date, the global outbreak of the coronavirus infection (COVID-19) has caused economic uncertainties that are likely to have a material effect on the operating activities of the Division for the year ending March 31, 2021. The extent that the effects of COVID-19 may have on the Division and its operations during the year ending March 31, 2021 cannot be determined at this time.

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Schedule 1 - Administrative Expenditures

Year Ended March 31, 2020

2020

2019

	\$	\$
Expenditures		
Executive Director	143,545	137,580
Division Administration	118,452	92,498
Board	59,144	60,174
Professional Development	<u>12,571</u>	<u>4,733</u>
	<u>333,712</u>	<u>294,985</u>
Working Groups		
Behavioural Support Team (BeST)	41,867	47,503
Residential Care Initiative	357,257	333,732
Recruitment and Retention	79,445	130,469
Wound Care Working Group	15,775	36,009
Partners in Care-Substance Use	62,012	48,002
Patient Medical Home	105,308	82,159
Patient Medical Home Network	143,703	90,481
OB Collaborative	3,176	31,987
Continuing Medical Education Working Group	12,785	36,064
Pathway Project	12,225	11,996
Transitions and Communication Working Group	-	211
Cognitive Behaviour Therapy	1,676	7,124
Innovations Fund	13,787	-
MHSU Spread Network	5,762	-
PCN Physician Change Management	22,763	-
Indigenous Liaison	<u>53,000</u>	<u>-</u>
	<u>930,541</u>	<u>855,737</u>
Committee		
Shared Care Steering Committee	21	-
Collaborative Services Committee	<u>16,284</u>	<u>14,566</u>
	<u>16,305</u>	<u>14,566</u>
	<u>1,280,558</u>	<u>1,165,288</u>