

**NANAIMO DIVISION OF  
FAMILY PRACTICE SOCIETY  
Financial Statements - March 31, 2023**

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 (Unaudited)



## INDEPENDENT AUDITORS' REPORT

To the Members of the Nanaimo Division of Family Practice Society

### Opinion

We have audited the financial statements of the Nanaimo Division of Family Practice Society (the "Division"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and 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 Division as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### 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 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 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 ASNPO, 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 either intends to liquidate the Division or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing 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 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.
- 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.

### **Report on Other Legal and Regulatory Requirements**

As required by the Societies 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.

*Chen Nawrood Boates Inc*

Chartered Professional Accountants  
Campbell River, BC

June 23, 2023

# NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

## Statement of Financial Position

March 31, 2023

2023

2022

### ASSETS

#### Current Assets

Cash	\$ 1,100,239	\$ 1,996,050
Short Term Investment	207,378	207,378
Accounts Receivable	3,975	11,766
GST Recoverable	11,470	7,143
Deposit on Lease	<u>4,733</u>	<u>1,648</u>
	1,327,795	2,223,985

#### Tangible Capital Assets (Note 3)

	<u>47,148</u>	<u>58,938</u>
	<u>\$ 1,374,943</u>	<u>\$ 2,282,923</u>

### LIABILITIES

#### Current Liabilities

Accounts Payable (Note 4)	\$ 177,288	\$ 1,359,831
Wages Payable	45,197	42,832
Government Remittances Payable	23,587	18,605
Deferred Revenue (Note 5)	1,049,766	770,760
Deferred Capital Contribution (Note 10)	<u>11,790</u>	<u>11,790</u>
	1,307,628	2,203,818


#### Deferred Capital Contributions (Note 10)

	<u>35,358</u>	<u>47,148</u>
	1,342,986	2,250,966

### NET ASSETS

	<u>31,957</u>	<u>31,957</u>
	<u>\$ 1,374,943</u>	<u>\$ 2,282,923</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, 2023

2023

2022

### Revenue

Government Funding	\$ 2,163,867	\$ 1,818,080
Capital Grant	<u>11,790</u>	<u>-</u>
	<u>2,175,657</u>	<u>1,818,080</u>

### Expenditures

Administrative (Schedule 1)	2,016,230	1,652,324
Conferences	2,716	3,772
Events	13,583	5,571
Office	49,062	88,400
Professional Fees	31,503	21,044
Promotion and Member Engagement	617	2,217
Rent	60,985	40,612
Telephone	<u>961</u>	<u>4,140</u>
	<u>2,175,657</u>	<u>1,818,080</u>

### Excess of Revenue Over Expenditures

-

-

### Net Assets - Beginning of Year

31,957

31,957

### Net Assets - End of Year

\$ 31,957

\$ 31,957

# NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

## Statement of Cash Flows

Year Ended March 31, 2023

2023

2022

### Cash Flows From Operating Activities:

Cash Received from Funding	\$ 2,491,137	\$ 2,725,863
Cash Paid to Suppliers, Funders and Employees	<u>(3,386,948)</u>	<u>(1,663,460)</u>
	<u>(895,811)</u>	<u>1,062,403</u>

### Cash Flows From Investing Activities:

Proceeds from Redemption of GIC	207,378	207,378
Purchase of GIC	(207,378)	(207,378)
Purchase of Tangible Capital Assets	<u>-</u>	<u>(58,938)</u>
	<u>-</u>	<u>(58,938)</u>

<b>Net Increase (Decrease) in Cash</b>	<b>(895,811)</b>	<b>1,003,465</b>
<b>Cash - Beginning of Year</b>	<u><b>1,996,050</b></u>	<u><b>992,585</b></u>
<b>Cash - End of Year</b>	<u><b>\$ 1,100,239</b></u>	<u><b>\$ 1,996,050</b></u>

# NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

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## Notes to Financial Statements

March 31, 2023

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### 1. Organization and Purpose:

The Nanaimo Division of Family Practice Society ("the Division") was incorporated without share capital under the Societies Act (British Columbia) on November 22, 2011, and commenced operations on April 1, 2012. The Division is a not-for-profit organization under the Income Tax Act and accordingly is 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

Cash consists of cash on hand and balances held with banks.

#### Short Term Investments

Short term investments consist of Guaranteed Investment Certificates or term deposits with terms under 1 year from the date of the financial statements. Short term investments are recorded at their approximate fair value.

#### 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. Restricted contributions for the purchase of Tangible Capital Assets are deferred and recognized over the estimated life of the Tangible Capital Asset. 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. Interest revenue earned on unrestricted funds is recognized when earned on the respective investment or balance unless it relates to specific funding agreements in which case it is deferred and recognized as the related funded expenses are incurred.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost. Contributed equipment is recorded at fair market value at the date of contribution if fair value can be reasonably determined.

Amortization is recognized as an Administrative expense, under PCN Planning, using the following methods and rates:

Office Equipment	20%	declining balance
Software	55%	declining balance
Leasehold Improvements	5 yr	straight-line

# NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

## Notes to Financial Statements

March 31, 2023

### 2. Significant Accounting Policies (continued):

#### 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 revenue and expenses during the reporting period.

Areas of management uncertainty include accounts receivable and useful life of tangible capital assets. Accounts receivable 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 and changes in net assets in the periods in which they become known.

#### Financial Instruments

The Division recognizes its financial instruments when it 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. Tangible Capital Assets:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Office Equipment	\$ 1,593	\$ 1,593	\$ 1,593	\$ 1,593
Software	598	598	598	598
Leasehold Improvements	<u>68,328</u>	<u>21,180</u>	<u>68,328</u>	<u>9,390</u>
	<u>\$ 70,519</u>	<u>\$ 23,371</u>	<u>\$ 70,519</u>	<u>\$ 11,581</u>
	<u>\$ 47,148</u>		<u>\$ 58,938</u>	

### 4. Accounts Payable:

Included in accounts payable is \$17,396 (2022 - \$19,476) due to directors of the Division. These liabilities arose from transactions that were in the Division's normal course of operations.

Included in accounts payable is \$33,330 (2022 - \$1,118,245) payable to Doctors of BC.



# NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

## Notes to Financial Statements

March 31, 2023

### 5. Deferred Revenue:

Deferred revenue 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 Revenue March 31, 2022	Funding Received	Revenue and Fund Transfers Recognized	Payable to DoBC	Deferred Revenue March 31, 2023
Long Term Care Initiative	\$ 25,000	\$ 410,800	\$ 411,892	\$ -	\$ 23,908
R&R Physician Integration	-	47,500	47,500	-	-
Health Emergency Management	-	10,000	4,334	-	5,666
Social Prescribing	-	25,000	21,973	-	3,027
NRGH Inpatient Care Solutions	-	400,248	212,720	-	187,528
Infrastructure	25,000	745,216	579,341	-	190,875
Patient Attachment Mechanism	-	75,000	75,000	-	-
Physician Change Management	-	234,420	119,899	-	114,521
PCN Planning	625,356	426,879	600,404	-	451,831
COVID-19 Second Wave	33,966	-	636	33,330	-
Pediatric Referrals	60,920	100,000	90,168	-	70,752
Interest Income	518	1,140	-	-	1,658
	<u>\$ 770,760</u>	<u>\$ 2,476,203</u>	<u>\$ 2,163,867</u>	<u>\$ 33,330</u>	<u>\$ 1,049,766</u>

### 6. Economic Dependence:

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

### 7. Financial Instruments:

The Division is exposed to various risks through its financial instruments. The following analysis presents the Division's exposure to its' significant risks at the reporting date, March 31, 2023:

#### *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 and the Division has ample cash to fund its obligations.

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, 2023

### 8. Director, Contractor and Employee Remuneration:

Directors are compensated for time spent on Division activities including meeting and committee involvement. Total remuneration for Directors during the year was \$296,692 (2022 - \$220,844), which is inclusive of fees paid to them for their role as physicians outside of their Board activities, similar to other physicians within the Division. 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 \$329,095 (2022 - \$338,396).

### 9. Commitments:

The Division is committed to rental payments for office premises, excluding common area costs, as described below. The office premises lease expires March 31, 2025.

2024	\$ 56,800
2025	56,800

The Division is also committed to rental payments for copier equipment as described below. The copier lease expires May 15, 2027 and the Division has assessed it as an operating lease.

2024	\$ 2,535
2025	2,124
2026	2,124
2027	2,124
2028	354

### 10. Deferred Capital Contributions:

Unamortized deferred capital revenue represents the portion of externally restricted contributions used to acquire tangible capital assets that will be recognized as revenue in future periods over the estimated remaining useful life of the assets. The amount expected to be amortized in the subsequent fiscal year is recorded as a current liability of the Division.

	Deferred Revenue March 31, 2022	Tangible Capital Assets Acquired	Revenue Recognized	Deferred Revenue March 31, 2023
PCN Planning - Leaseholds	\$ <u>58,938</u>	\$ <u>-</u>	\$ <u>11,790</u>	\$ <u>47,148</u>

### 11. Prior Year Comparative Information:

Certain prior period comparative information has been reclassified in the current year financial statements to be consistent with the current year's financial statement presentation.

# NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

## Schedule 1 - Administrative Expenditures (Unaudited)

Year Ended March 31, 2023

2023

2022

### Expenditures

Executive Director	\$ 131,476	\$ 119,249
Division Administration	124,194	260,652
Board	54,005	81,719
Professional Development	8,131	13,845
	<u>317,806</u>	<u>475,465</u>

### Working Groups

Behavioural Support Team (BeST)	-	8,596
Long Term Care Initiative	411,892	479,244
Recruitment and Retention	105,447	92,099
Cultural Safety	-	2,764
Partners in Care-Substance Use	-	7,028
Social Prescribing	21,973	-
NRGH Inpatient Service	212,720	-
OB Collaborative	-	790
Continuing Medical Education Working Group	16,314	18,912
Pathway Project	14,669	13,250
Pediatric Referrals	90,168	38,622
Cognitive Behaviour Therapy	-	3,051
Innovations Fund	-	1,410
MHSU Spread Network	-	3,724
PCN Physician Change Management	119,899	88,222
Emergency Response	4,334	-
Patient Attachment Mechanism	75,000	38,047
PCN Planning	612,194	359,628
COVID-19 Second Wave	636	5,078
	<u>1,685,246</u>	<u>1,160,465</u>

### Committee

Collaborative Services Committee	<u>13,178</u>	<u>16,394</u>
	<u>\$ 2,016,230</u>	<u>\$ 1,652,324</u>

