

**NANAIMO DIVISION OF
FAMILY PRACTICE SOCIETY
Financial Statements - March 31, 2022**

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 AUDITOR'S 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, 2022, 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, 2022, 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 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 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.

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.

Auditor's 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.

Chan Nawrood Boates Inc

Chartered Professional Accountants
Campbell River, BC

June 7, 2022

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Statement of Financial Position

March 31, 2022

2022

2021

ASSETS

Current Assets

Cash	\$ 1,996,050	\$ 992,585
Short Term Investment	207,378	207,378
Accounts Receivable	11,766	55,169
GST Recoverable	7,143	3,793
Deposit on Lease	<u>1,648</u>	<u>1,648</u>
	2,223,985	1,260,573

Tangible Capital Assets (Note 3)

	<u>58,938</u>	<u>-</u>
	\$ <u>2,282,923</u>	\$ <u>1,260,573</u>

LIABILITIES

Current Liabilities

Accounts Payable (Note 4)	\$ 1,359,831	\$ 133,944
Wages Payable	42,832	38,880
Government Remittances Payable	18,605	15,633
Deferred Revenue (Note 5)	<u>770,760</u>	<u>1,040,159</u>
	2,192,028	1,228,616

Deferred Capital Contributions (Note 10)

	<u>58,938</u>	<u>-</u>
	2,250,966	1,228,616

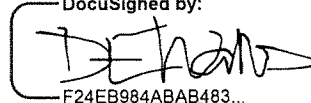
NET ASSETS

	<u>31,957</u>	<u>31,957</u>
	\$ <u>2,282,923</u>	\$ <u>1,260,573</u>

Approved by the Directors:



Director

DocuSigned by:


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Director

6/13/2022

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Statement of Operations and Changes in Net Assets

Year Ended March 31, 2022

2022

2021

Revenue

Government Funding	\$ 1,818,080	\$ 1,426,526
Interest	-	2,737
	1,818,080	1,429,263

Expenditures

Administrative (Schedule 1)	1,652,324	1,277,265
Conferences	3,772	5,687
Events	5,571	17,356
Office	88,400	69,453
Professional Fees	21,044	12,443
Promotion and Member Engagement	2,217	5,133
Rent	40,612	36,454
Telephone	4,140	2,735
	1,818,080	1,426,526

Excess of Revenue Over Expenditures	-	2,737
Net Assets - Beginning of Year	31,957	29,220
Net Assets - End of Year	\$ 31,957	\$ 31,957

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Statement of Cash Flows

Year Ended March 31, 2022

2022

2021

Cash Flows From Operating Activities:

Cash Received from Funding	\$ 2,725,863	\$ 1,483,013
Cash Paid to Suppliers and Employees	(1,663,460)	(1,354,990)
Interest Received	-	2,737
	<u>1,062,403</u>	<u>130,760</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	(58,938)	-
	<u>(58,938)</u>	<u>-</u>

Net Increase in Cash	1,003,465	130,760
Cash - Beginning of Year	<u>992,585</u>	<u>861,825</u>
Cash - End of Year	<u>\$ 1,996,050</u>	<u>\$ 992,585</u>

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Notes to Financial Statements

March 31, 2022

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 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 consist 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 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 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, 2022

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, 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 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>2022</u>		<u>2021</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office Equipment	\$ 1,593	\$ 1,593	\$ 1,593	\$ 1,593
Software	598	598	598	598
Leasehold Improvements	<u>68,328</u>	<u>9,390</u>	<u>9,390</u>	<u>9,390</u>
	<u>\$ 70,519</u>	<u>\$ 11,581</u>	<u>\$ 11,581</u>	<u>\$ 11,581</u>
	<u>\$ 58,938</u>		<u>\$ -</u>	

4. Accounts Payable:

Included in accounts payable is \$19,476 (2021 - \$11,783) 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 \$1,118,245 (2021 - \$nil) payable to Doctors of BC as a result of the expiry of the Physician Master Agreement between Doctors of BC and the all Divisions within BC on March 31, 2022.

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Notes to Financial Statements

March 31, 2022

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, 2021	Funding Received	Revenue and Fund Transfers Recognized	Payable to DoBC	Deferred Revenue March 31, 2022
Long Term Care Initiative	\$ 266,382	\$ 426,083	\$ 479,244	\$ 188,221	\$ 25,000
OB Collaborative	17,810	-	790	17,020	-
Cognitive Behaviour Therapy	10,140	-	3,051	7,089	-
BeST Pilot Project	17,143	-	8,596	8,547	-
Partners in Care Substance Use	112,987	-	7,028	105,959	-
Infrastructure	225,675	763,145	784,640	179,180	25,000
Innovation Fund	28,632	-	1,410	27,222	-
Patient Attachment Mechanism	70,000	35,000	38,047	66,953	-
Physician Change Management	141,527	443,110	88,222	496,415	-
Spread Network	5,384	-	3,724	1,660	-
Shared Care Steering Committee	19,979	-	-	19,979	-
PCN Planning	70,456	973,465	418,565	-	625,356
COVID-19 Second Wave	39,044	-	5,078	-	33,966
Pediatric Referrals	15,000	84,542	38,622	-	60,920
Interest Income	-	518	-	-	518
	<u>\$ 1,040,159</u>	<u>\$ 2,725,863</u>	<u>\$ 1,877,017</u>	<u>\$ 1,118,245</u>	<u>\$ 770,760</u>

6. Economic Dependence:

The Division is dependent on the 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 significant risk at the reporting date, March 31, 2022:

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, 2022

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 \$220,844 (2021 - \$210,169). 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 \$338,396 (2021 - \$296,695).

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.

2023	\$56,800
2024	56,800
2025	56,800

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.

2023	\$2,352
2024	588

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.

	Deferred Revenue March 31, 2021	Tangible Capital Assets Acquired	Revenue Recognized	Deferred Revenue March 31, 2022
PCN Planning - Leaseholds	\$ _____ -	\$ <u>58,938</u>	\$ _____ -	\$ <u>58,938</u>

11. COVID-19:

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, 2023. The extent that the effects of COVID-19 may have on the Division and its operations during the year ending March 31, 2023 cannot be determined at this time.

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Schedule 1 - Administrative Expenditures (Unaudited)

Year Ended March 31, 2022

2022

2021

Expenditures

Executive Director	\$ 119,249	\$ 138,010
Division Administration	260,652	131,277
Board	81,719	67,577
Professional Development	<u>13,845</u>	<u>15,327</u>
	<u>475,465</u>	<u>352,191</u>

Working Groups

Behavioural Support Team (BeST)	8,596	21,836
Long Term Care Initiative	479,244	384,443
Recruitment and Retention	92,099	103,816
Cultural Safety	2,764	-
Partners in Care-Substance Use	7,028	21,823
Patient Medical Home	-	21,489
Patient Medical Home Network	-	69,946
OB Collaborative	790	389
Continuing Medical Education Working Group	18,912	1,304
Pathway Project	13,250	12,699
Pediatric Referrals	38,622	-
Cognitive Behaviour Therapy	3,051	9,376
Innovations Fund	1,410	869
MHSU Spread Network	3,724	58,854
PCN Physician Change Management	88,222	57,265
PCN Planning	397,675	79,544
COVID-19 Second Wave	<u>5,078</u>	<u>70,956</u>
	<u>1,160,465</u>	<u>914,609</u>

Committee

Collaborative Services Committee	<u>16,394</u>	<u>10,465</u>
	<u>\$ 1,652,324</u>	<u>\$ 1,277,265</u>

