



Financial Statements

Nipigon District Family Health Team

March 31, 2020

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# Independent Auditor's Report

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To the Directors of  
Nipigon District Family Health Team

## Opinion

We have audited the financial statements of Nipigon District Family Health Team ("the Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and fund balance, 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 Nipigon District Family Health Team as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## 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 Organization 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 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

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 Organization'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 Organization'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 Organization 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.

*Grant Thornton LLP*

Thunder Bay, Canada  
June 29, 2020

Chartered Professional Accountants  
Licensed Public Accountants

# Nipigon District Family Health Team Statement of Financial Position

As at March 31	2020	2019
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash		
Accounts receivable	184,749	181,910
Prepaid	35,227	9,127
	2,625	-
	222,601	191,037
<b>Capital assets, net [note 8]</b>	17,349	-
	239,950	191,037
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities [note 2]	82,923	87,980
Due to Ministry of Health and Long-Term Care [note 3]	144,944	96,745
<b>Total current liabilities</b>	227,867	184,725
<b>FUND BALANCE</b>		
General fund (deficit)	(5,266)	6,312
Investment in capital assets [note 8]	17,349	-
	12,083	6,312
	239,950	191,037

Contingency [note 5]

See accompanying notes to the financial statements.

On behalf of the Board:

  
Director

  
Director

# Nipigon District Family Health Team

## Statement of Operations and Fund Balance

Year ended March 31

	2020 Budget \$ <i>[unaudited]</i> <i>[note 7]</i>	2020 Actual \$	2019 Actual \$
<b>REVENUE</b>			
Ministry of Health and Long-Term Care			
Fund agreement			
Diabetes Education Program <i>[Schedule 1]</i>	855,747	829,747	839,847
Opioid Addiction Treatment Services <i>[Schedule 2]</i>	51,181	51,181	51,181
Opiate Treatment Program	27,994	23,224	-
Other	-	-	9,127
	-	66,841	24,868
	934,922	970,993	925,023
<b>EXPENSES</b>			
Audit fees	7,500	9,112	10,132
Diabetes Education Program <i>[Schedule 1]</i>	51,181	49,453	37,426
Opioid Addiction Treatment Services <i>[Schedule 2]</i>	27,994	23,224	-
Equipment lease and service contracts	5,000	6,354	-
General overhead and administration	57,366	45,771	57,883
Holter Monitor Program	-	-	17
Hospice Program	-	350	-
Insurance	5,600	6,035	3,557
Legal fees	10,000	9,058	2,938
Other ongoing overhead (QIDSS travel)	16,000	13,799	5,571
Professional development	4,750	2,683	6,024
Recruitment	-	-	3,812
Rent <i>[note 7]</i>	43,452	44,873	43,555
Travel	9,665	6,610	12,636
	238,508	217,322	183,551
<b>OTHER</b>			
Benefits			
Salaries	140,755	131,160	102,882
	540,659	553,179	509,100
One-time funding	681,414	684,339	611,982
Office furnishings and clinical equipment	-	-	772
IT hardware and software	-	362	7,863
Physician consulting	15,000	15,000	15,000
Opiate Treatment Program	-	-	9,127
	15,000	15,362	32,762
<b>Excess of revenue over expenses for the year before settlement</b>			
Settlement of funds with Ministry of Health and Long-Term Care <i>[note 3]</i>	-	53,970	96,728
	-	(36,621)	(96,745)
<b>Excess (shortfall) of revenue over expenses for the year</b>			
Fund balance, beginning of year	-	17,349	(17)
Settlement adjustment of funds with Ministry of Health and Long-Term Care	6,312	6,312	6,550
	-	(11,578)	(221)
<b>Fund balance, end of year</b>	6,312	12,083	6,312

See accompanying notes to the financial statements

# Nipigon District Family Health Team

## Statement of Cash Flows

Year ended March 31

	2020	2019
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Shortfall of revenue over expenses for the year	17,349	(17)
Settlement adjustment of funds with Ministry of Health and Long-Term Care	(11,578)	(221)
Changes in non-cash working capital balances related to operations		
Increase in accounts receivables	(26,100)	(9,127)
Increase in prepaids	(2,625)	-
Decrease in accounts payable and accrued liabilities	(5,057)	(115,060)
Increase in due to Ministry of Health and Long-Term Care	48,199	77,311
<b>Cash provided by (used in) operating activities</b>	<b>20,188</b>	<b>(47,114)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(17,349)	-
<b>Cash used in investing activities</b>	<b>(17,349)</b>	<b>-</b>
<b>Increase (decrease) in cash during year</b>	<b>2,839</b>	<b>(47,114)</b>
Cash, beginning of year	181,910	229,024
<b>Cash, end of year</b>	<b>184,749</b>	<b>181,910</b>

See accompanying notes to the financial statements.

# Nipigon District Family Health Team

## Notes to the Financial Statements

March 31, 2020

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### GENERAL

The Nipigon District Family Health Team (the "Organization") provides health promotion and community programming to the residents of Nipigon and the surrounding area. The Organization is a registered charity under the Income Tax Act and is, therefore, exempt from payment of income taxes.

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Handbook.

### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### Revenue Recognition

The organization follows the deferral method of accounting for government funding and similar contributions, as follows:

- [i] Approved operating funding related to current activities is recognized as revenue in the period to which it relates and in which the related expenses are incurred.
- [ii] Where funding related to a future period, or is subject to external restrictions on its use, it is deferred as "Contribution advances" and recognized in the future period or when the restriction is no longer binding.
- [iii] Funding provided for the purpose of capital assets is deferred as "Deferred capital contributions", and is amortized into revenue on the same basis as the related assets are amortized.

#### Financial Instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Organization's financial instruments consist of:

- Cash
- Accounts receivable
- Accounts payable and accrued liabilities

A financial asset or liability is recognized when the Organization becomes party to contractual provisions of the instrument



# Nipigon District Family Health Team

## Notes to the Financial Statements

March 31, 2020

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### Initial Measurement

Financial assets or liabilities obtained in arm's-length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its organization, acquisition, issuance, or assumption.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Organization is in the capacity of management in which case they are accounted for in accordance with financial instruments.

### Subsequent Measurement

Financial assets and financial liabilities are subsequently measured according to the following methods:

<u>Financial instrument</u>	<u>Subsequent measurement</u>
Cash	Amortized cost (which approximates fair value)
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

### Derecognition

The Organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

### Impairment

Financial assets are measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the Statement of Operations and Fund Balance.

At the end of each reporting period, the Organization assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. When there is any such indication of impairment, the Organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from that financial asset. Where this is the case, the carrying amount of the assets are reduced to the highest of the expected value that is actually recoverable from the assets either by holding the assets, by their sale or by exercising the right to any collateral, net of cost. The carrying amounts of the assets are reduced directly through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in income.

# Nipigon District Family Health Team

## Notes to the Financial Statements

March 31, 2020

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### Measurement Estimates

Management reviews the carrying amount of items in the financial statements at each statement of financial position date to assess the need for revisions. Many items in the preparation of these financial statements require management's best estimate based on assumptions that reflect the most probable set of economic conditions and planned course of action.

These estimates are reviewed periodically and adjustments are made to the Statement of Operations and Fund Balance as appropriate in the year they become known.

### Use of Estimates

The preparation of these financial statements 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 year. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, the carrying value of capital assets and the amount due from (to) the Ministry of Health and Long-Term Care. Actual results could differ from these estimates.

### Capital Assets and Amortization

The Organization has chosen to charge the cost of capital asset purchases to current expenditures in the appropriate fund in the year of purchase.

Amortization would have been provided on a straight-line basis, at the following annual rates:

Building service equipment	10 to 20 years
Computer software	3 years
Major equipment	5 to 20 years

## 2. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$3,344 [2019 - \$28,649], which includes amounts payable for payroll related taxes and pension contributions.

# Nipigon District Family Health Team

## Notes to the Financial Statements

March 31, 2020

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### 3. ACCOUNTABILITY FOR FUNDING AND ASSETS

Any Ministry funding received by the Organization which is not used, or has not been used for approved purposes, belongs to the Ministry. The Ministry may require repayment of such funding, or may approve its use for other purposes. It is expected that the funding agreement with the Ministry will continue for the foreseeable future, and as such, any excess funding that is not approved for other purposes may be deducted from future funding agreements.

At March 31, 2020, the Organization recognized an amount due to the Ministry of \$144,944 [2019 - \$96,745] on the Statement of Financial Position.

### 4. FINANCIAL INSTRUMENTS

#### Liquidity Risk

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### 5. CONTINGENCY

The Organization recognizes contingencies as liabilities when they are considered likely and the amount can be reasonably estimated. In the ordinary course of operations, claims have been filed against the Organization. The Organization has made accruals for any contingencies where the possibility for loss exists and the probable outcome is known at this time.

### 6. BUDGET AMOUNTS

The budget figures presented for comparative purposes are unaudited and are those approved by the Board.

### 7. RELATED PARTY TRANSACTIONS

Through its integration with Nipigon District Memorial Hospital, Nipigon District Family Health Team is able to fund programs and initiatives that enhance community health services above and beyond funding approval from the Ministry of Health and Long-Term Care. Amounts received during the year in respect of the other projects have been reported as revenue on the statement of operations.

Nipigon District Memorial Hospital provides office space at a cost of \$3,725 per month as well as administrative services at a cost of \$2,000 per month.

# Nipigon District Family Health Team

## Notes to the Financial Statements

March 31, 2020

### 8. CAPITAL ASSETS

Had the Organization recorded the capital assets on the statement of financial position and amortized them accordingly, the details of year-end capital asset balances would be as follows:

	Cost \$	Accumulated Amortization \$	2020 Net \$
Building Service Equipment	-	-	-
Computer Software	17,349	-	17,349
Major Equipment	-	-	-
	17,349	-	17,349

The items noted above were purchased end of March, therefore, no amortization was recognized.

### 9. PENSION PLAN

All employees of the Organization are members of the Healthcare of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Contributions to the Plan made during the year by the Organization on behalf of its employees amounted to \$53,818.

### 10. ADOPTION OF NEW ACCOUNTING STANDARDS

On February 1, 2019, the Organization adopted new accounting standards Section 4433 *Tangible capital assets held by not-for-profit organizations* and Section 4434 *Intangible assets held by not-for-profit organizations* (the "standards"). The most significant requirements include:

- tangible capital assets must be separated into their component parts, when practicable, and when estimates can be made of the lives of the separate components;
- tangible capital assets and intangible assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts; and
- additional disclosures when an impairment has occurred.

The adoption of the new accounting standards was applied prospectively. The adoption of these standards did not have any impact on the statement of financial position as at March 31, 2019 and the changes in financial position for the current period.

### 11. COMMITMENTS

The organization paid monthly rent charges of \$44,701 from April through March. There is no rental agreement established for 2019-20.

# Nipigon District Family Health Team

## Notes to the Financial Statements

March 31, 2020

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### 12. IMPACTS OF COVID-19

Since December 31, 2019 the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

As a result of the COVID-19 pandemic the Organization has reassigned staff and opened an assessment centre, while taking appropriate measures to ensure the safety of staff and patients.

In response to the COVID-19 pandemic, management has reviewed whether the recoverability of the Organization's assets were negatively impacted or whether any negative impacts were encountered on the Organization's existing liabilities, including any new liabilities that occurred as a result of the pandemic. Management's assessment provided that the Organization was not materially affected by the COVID-19 pandemic. Therefore, no adjustments were made in response to the pandemic as of March 31, 2020.

### 13. SUBSEQUENT EVENT

The Organization has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.

# Nipigon District Family Health Team                      Schedule 1

## Funding Agreement - Diabetes Education Program

Year ended March 31

	2020	2020	2019
	Budget	Actual	Actual
	\$	\$	\$
	<i>[unaudited]</i>		
	<i>[note 7]</i>		
<b>REVENUE</b>			
Ontario Ministry of Health and Long-Term Care - current year funding	51,181	51,181	51,181
<b>EXPENSES</b>			
Audit fees	1,000	1,000	998
General overhead and administration	3,900	3,121	5,458
Premises costs	1,250	1,249	1,249
Professional development	1,500	1,165	50
Travel	1,416	2,412	499
Wages and Benefits	42,115	40,506	29,172
	<u>51,181</u>	<u>49,453</u>	<u>37,426</u>
<b>Excess of revenue over expenses</b>	-	1,728	13,755

**Nipigon District Family Health Team** **Schedule 2**  
**Funding Agreement - Opioid Addiction Treatment Services**

Year ended March 31

	2020 Budget \$ <i>[unaudited]</i> <i>[note 7]</i>	2020 Actual \$	2019 Actual \$
<b>REVENUE</b>			
Opioid Addiction Treatment Services			
Program - Recovery	27,994	23,224	-
<b>EXPENSES</b>			
Wages and benefits	27,202	22,432	-
Supply and sundry expenses	417	417	-
IT related expenses	375	375	-
	27,994	23,224	-
<b>Excess of revenue over expenses</b>	-	-	-