



Financial Statements

Peterborough Family Health Team

March 31, 2021

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# Independent Auditor's Report

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To the Board of Directors of  
Peterborough Family Health Team

## Qualified opinion

We have audited the financial statements of Peterborough Family Health Team, which comprise the statement of financial position as at March 31, 2021, and the statements of changes in fund balances, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2021, 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.

## Basis for qualified opinion

Note 2 describes the accounting policy with respect to the organization's tangible capital assets. This note indicates that the organization's tangible capital assets are reported as an expenditure on the statement of operations in the period of acquisition which is not in accordance with Canadian accounting standards for not-for-profit organizations. For organizations with revenue exceeding \$500,000, Canadian accounting standards for not-for-profit organizations require that tangible capital assets be recognized at cost at the time of acquisition and amortized over the useful life of the asset. Also, organizations that follow the deferral method of accounting for contributions, must amortize the contributions over the useful life of the asset. Had the organization followed these policies, capital assets and deferred contributions would have increased by \$87,054 (2020 - \$131,065), and amortization revenues and expenses would have increased by \$44,011 (2020 - \$37,907). Our audit opinion on the financial statements for the year ended March 31, 2020 was also modified for the same issue.

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 qualified 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.

# Independent Auditor's Report (continued)

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 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.

Peterborough, Canada  
May 25, 2021



Nathan Baker, Board Chair, June 23, 2021



Chartered Professional Accountants  
Licensed Public Accountants

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# Peterborough Family Health Team

## Statement of Financial Position

March 31

2021

2020

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### Assets

#### Current

Cash	\$ 773,250	\$ 990,874
Investments (Note 4)	300,000	-
Accounts receivable (Note 5)	96,326	70,042
Prepaid expenses	108,340	113,240
	<u>1,277,916</u>	<u>1,174,156</u>

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### Liabilities

#### Current

Accounts payable and accrued liabilities	\$ 418,388	\$ 310,146
Government remittances payable	15,256	95,722
Deferred revenue (Note 6)	67,984	13,100
Amounts refundable to the Ministry of Health (Note 7)	164,006	242,764
	<u>665,634</u>	<u>661,732</u>

### Fund balances

Unrestricted	582,282	482,424
Internally restricted (Note 8)	30,000	30,000
	<u>612,282</u>	<u>512,424</u>
	<u>\$ 1,277,916</u>	<u>\$ 1,174,156</u>

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Operating lease commitments (Note 9)

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## Peterborough Family Health Team Statement of Changes in Fund Balances

Year ended March 31

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	Unrestricted	Internally Restricted	Total 2021	Total 2020
Balance, beginning of year	\$ 482,424	\$ 30,000	\$ 512,424	417,083
Excess (deficiency) of revenues over expenses (Note 8)	188,996	(89,138)	99,858	95,341
Interfund transfer (Note 8)	<u>(89,138)</u>	<u>89,138</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 582,282</u>	<u>\$ 30,000</u>	<u>\$ 612,282</u>	<u>\$ 512,424</u>

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## Peterborough Family Health Team Statement of Operations

Year ended March 31	2021 Budget Unaudited (Note 14)	2021 Actual	2020 Actual
<b>Revenues</b>			
Ministry of Health	\$ 11,216,836	\$ 11,246,469	\$ 10,912,488
Greater Peterborough Health Services Foundation	-	39,834	21,862
Other funding	-	318,866	323,355
Interest income	-	3,494	6,007
	<u>11,216,836</u>	<u>11,608,663</u>	<u>11,263,712</u>
<b>Expenses</b>			
Human resources			
Clinical	7,637,132	7,515,074	7,137,820
Management and administrative	2,054,495	2,004,431	2,053,982
Specialist sessional fees	-	116,069	106,447
	<u>9,691,627</u>	<u>9,635,574</u>	<u>9,298,249</u>
Operational overhead			
Premises costs	-	858,024	830,931
Office, supplies, IT	-	539,637	524,873
Travel	-	45,018	66,266
Training and development	-	62,524	69,940
Consulting, audit and legal	-	35,097	79,143
Recruitment and retention	-	2,053	14,046
Insurance	-	40,180	35,046
One time costs (Note 10)	-	31,856	-
	<u>1,525,209</u>	<u>1,614,389</u>	<u>1,620,245</u>
Other project expenses (Note 11)	-	258,842	249,877
	<u>11,216,836</u>	<u>11,508,805</u>	<u>11,168,371</u>
Excess of revenues over expenses	\$ -	\$ 99,858	\$ 95,341

# Peterborough Family Health Team

## Statement of Cash Flows

Year ended March 31

2021

2020

Increase (decrease) in cash

### Operating

Excess of revenues over expenses	\$	99,858	\$	95,341
Change in non-cash working capital items				
Accounts receivable		(26,284)		126,420
Prepaid expenses		4,900		(10,155)
Accounts payable and accrued liabilities		108,242		(329,838)
Government remittances		(80,466)		86,387
Deferred revenue		54,884		(50,858)
Amounts refundable to the Ministry of Health		(78,758)		185
		<u>82,376</u>		<u>(82,518)</u>

### Investing

Purchase of investments		<u>(300,000)</u>		<u>-</u>
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Decrease in cash (217,624) (82,518)

### Cash

Beginning of year		<u>990,874</u>		<u>1,073,392</u>
End of year	\$	<u>773,250</u>	\$	<u>990,874</u>

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# **Peterborough Family Health Team**

## **Notes to the Financial Statements**

March 31, 2021

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### **1. Nature of operations**

Peterborough Family Health Team (the organization) is a not-for-profit organization incorporated on October 12, 2005 under the provisions of the Corporation Act of Ontario and received its status as a registered charity on October 15, 2009. The organization qualifies as a charitable not-for-profit organization as defined by the Federal and Ontario Income Tax Acts and consequently is not subject to corporate income taxes. The organization was formed to assist in the provision of enhanced primary health care services to the residents of the City of Peterborough, Peterborough County and surrounding areas.

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### **2. Summary of significant accounting policies**

#### **Basis of accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) with the exception of accounting for its tangible capital assets and deferred contributions as noted in the basis for qualified opinion. The significant policies are as follows:

#### **Revenue recognition**

Peterborough Family Health Team uses the deferral method of accounting. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue in the year when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Operating grants from the Ministry of Health are recorded as revenue in the period to which they relate. Unspent funds are recorded as a liability repayable to the Ministry of Health.

Interest income is recorded when earned.

#### **Capital assets**

Capital assets are reported as an expenditure on the statement of operations in the period of acquisition.

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# Peterborough Family Health Team

## Notes to the Financial Statements

March 31, 2021

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### 2. Summary of significant accounting policies (continued)

#### Use of estimates

Management reviews the carrying value of items in the financial statements at each reporting date to assess the need for revisions or any possibility of impairment. Management determines estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the year they become known. The most significant items that involve the use of estimates are certain accrued liabilities.

In addition, the organization receives provincial grants for allowable operating costs. The Ministry has the right to adjust funding received by the organization based on the acceptance of those allowable operating costs. The Ministry is not required to communicate certain funding adjustments until after the submission of year end data. Since this data is not submitted until after the completion of the financial statements, the amount of funding received during the year may be increased or decreased subsequent to year end. The amount of revenue recognized in these financial statements represents management's best estimate of amounts that have been earned during the year. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

#### 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 accounts for the following as financial instruments:

- cash
- investments
- accounts receivable
- accounts payable
- amounts refundable to the Ministry of Health

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

The organization initially measures its financial assets and financial liabilities at fair value.

The organization subsequently measures all of its financial assets and financial liabilities at amortized cost with the exception of cash and investments, which are subsequently measured at fair value.

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

Financial assets measured at cost are tested for impairment when there are indicators of impairment.

Financial assets or liabilities obtained in related party transaction are measured at the exchange amount.

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# Peterborough Family Health Team

## Notes to the Financial Statements

March 31, 2021

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### 3. Financial instruments

The organization is exposed to various risks associated with its financial instruments as described below. Unless otherwise noted, there has been no change in risk exposure from the prior year.

(a) Credit risk

Credit risk is the risk of financial loss if a debtor fails to make a payment of accounts receivable when due. The maximum exposure to credit risk is the carrying value of accounts receivable. Accounts receivable are non-interest bearing and generally due within 30 days. At year end there is no impairment allowance as management believes the amounts are fully collectible. The organization is not exposed to significant credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations and government funding provide a substantial portion of the organization's cash requirements. The organization is not exposed to significant liquidity risk.

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is not exposed to significant interest rate risk.

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### 4. Investments

The investments consist of a Guaranteed Investment Certificate with a maturity date of April 2021 and an effective yield of 0.50% per annum.

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### 5. Accounts receivable

Accounts receivable consists of the following:

	<u>2021</u>	<u>2020</u>
Trade receivables	\$ 34,534	\$ 6,089
HST receivable	<u>61,792</u>	<u>63,953</u>
	<u>\$ 96,326</u>	<u>\$ 70,042</u>

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# Peterborough Family Health Team

## Notes to the Financial Statements

March 31, 2021

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### 6. Deferred revenue

Deferred revenue consists of the following:

	<u>2021</u>	<u>2020</u>
Physician Recruitment	\$ 26,435	\$ 11,235
Grand Rounds	20,000	-
New Canadian Centre Program	16,694	-
OHT Doctor Stipend	2,560	-
Compassion Fund	2,295	-
Youth Sports Concussion Program	-	1,865
	<u>\$ 67,984</u>	<u>\$ 13,100</u>

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### 7. Amounts refundable to the Ministry of Health

Amounts repayable to the Ministry of Health are unspent funds in a given year.

	<u>2021</u>	<u>2020</u>
Family Health Team Funding 2018	\$ -	\$ 81,025
Family Health Team Funding 2019	161,554	161,554
Family Health Team Funding 2020	185	185
Family Health Team Funding 2021	2,267	-
	<u>\$ 164,006</u>	<u>\$ 242,764</u>

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### 8. Internally Restricted Fund

Use of these funds is restricted to the organization's supplemental unemployment benefit plan for illness covering employees who have successfully completed their probationary period. This plan has been approved by Canada Revenue Agency. The organization incurred \$89,138 (2020 - \$20,979) of human resource expenses which were charged to this fund during the year. The Board authorized an interfund transfer of \$89,138 (2020 - \$20,979) from the unrestricted fund to the internally restricted fund to replenish the fund.

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# Peterborough Family Health Team

## Notes to the Financial Statements

March 31, 2021

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### 9. Operating lease commitments

The organization has various lease agreements for rental of multiple office and clinical spaces.

Required minimum payments on locations where lease agreements are in place are as follows:

2022	\$	761,998
2023		515,010
2024		333,864
2025		235,085
2026		219,830
Subsequent years		<u>2,216,617</u>
	\$	<u>4,282,404</u>

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### 10. One time costs

Included in one time costs are mental health and addiction service expenses using funding that was approved by the Ministry of Health.

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### 11. Other project expenses

Included in other project expenses are costs incurred that are not funded by the Ministry of Health.

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### 12. Economic interest

The organization has an economic interest in Greater Peterborough Health Services Foundation (the Foundation), as it solicits funds in the name of the organization and provides it with contributions to fund programs and initiatives that enhance community health services above and beyond funding from the Ministry of Health. Amounts received from the Foundation are used to fund other project expenses included on the statement of operations.

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# Peterborough Family Health Team

## Notes to the Financial Statements

March 31, 2021

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### 13. Pension plan

Substantially all of the employees of the organization are eligible to be members of the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer final average pay contributory pension plan. Employer contributions made to the plan by the organization during the year amounted to \$533,990 (2020 - \$496,244). These amounts are included in human resources expense in the statement of operations.

The most recent valuation for financial reporting purposes completed by HOOPP was as of December 31, 2020 and disclosed the following (in \$ millions) for 2020 and 2019 respectively:

	<u>2020</u>	<u>2019</u>
Net assets available for benefits	\$ 103,983	\$ 94,102
Accrued pension benefit obligation	<u>(79,852)</u>	<u>(73,547)</u>
Pension surplus	<u>\$ 24,131</u>	<u>\$ 20,555</u>

As HOOPP is a multi-employer plan, any surpluses or deficits are a joint responsibility of member organizations and their employees. As a result, the organization does not recognize any share of the HOOPP surplus or deficit.

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### 14. Budget amounts

The budget figures presented for comparison purposes are unaudited. Amounts are based on the budget approved by the Ministry of Health.

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### 15. COVID-19 impacts

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closure of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. 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 received an increase in funding to assist with related costs.

At this time, the duration and magnitude of the future impact of the COVID-19 pandemic and its potential adverse effects on the organization's operations are uncertain and will depend on future developments.

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