



Financial Statements

Peterborough Family Health Team

March 31, 2022

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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 (the "Organization"), which comprise the statement of financial position as at March 31, 2022, 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, 2022, and the results of its operations and its 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 \$72,107 (2021 - \$89,348), and amortization revenues and expenses would have increased by \$41,417 (2021 - \$44,011). Our audit opinion on the financial statements for the year ended March 31, 2021 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Peterborough, Canada
June 7, 2022

Chartered Professional Accountants
Licensed Public Accountants

Peterborough Family Health Team

Statement of Financial Position

March 31

2022

2021

Assets

Current

Cash	\$ 968,327	\$ 773,250
Investments (Note 4)	300,000	300,000
Accounts receivable (Note 5)	126,336	96,326
Prepaid expenses	92,916	108,340
	<u>\$ 1,487,579</u>	<u>\$ 1,277,916</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 505,613	\$ 418,388
Government remittances payable	15,815	15,256
Deferred revenue (Note 6)	71,541	67,984
Amounts refundable to the Ministry of Health (Note 7)	203,307	164,006
	<u>796,276</u>	<u>665,634</u>

Fund balances

Unrestricted	661,303	582,282
Internally restricted (Note 8)	30,000	30,000
	<u>691,303</u>	<u>612,282</u>
	<u>\$ 1,487,579</u>	<u>\$ 1,277,916</u>

Operating lease commitments (Note 10)

Contingencies (Note 14)

Peterborough Family Health Team

Statement of Changes in Fund Balances

Year ended March 31

	Unrestricted	Internally Restricted	Total 2022	Total 2021
Balance, beginning of year	\$ 582,282	\$ 30,000	\$ 612,282	512,424
Excess (deficiency) of revenues over expenditures (Note 8)	88,470	(9,449)	79,021	99,858
Interfund transfer (Note 8)	<u>(9,449)</u>	<u>9,449</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 661,303</u>	<u>\$ 30,000</u>	<u>\$ 691,303</u>	<u>612,282</u>

Peterborough Family Health Team Statement of Operations

Year ended March 31	2022 Budget Unaudited (Note 14)	2022 Actual	2021 Actual
Revenues			
Ministry of Health	\$ 11,216,836	\$ 11,177,535	\$ 11,246,469
Other funding (Note 11)	-	614,701	358,700
Interest income	-	2,995	3,494
	<u>11,216,836</u>	<u>11,795,231</u>	<u>11,608,663</u>
Expenditures			
Human resources			
Clinical	7,665,136	7,367,702	7,515,074
Management and administrative	2,046,491	2,081,023	2,004,431
Specialist sessional fees	-	92,019	116,069
	<u>9,711,627</u>	<u>9,540,744</u>	<u>9,635,574</u>
Operational overhead			
Premises costs	-	858,317	858,024
Office, supplies and IT	-	578,461	539,637
Consulting, audit and legal	-	61,252	35,097
Training and development	-	57,182	62,524
Travel	-	43,638	45,018
Insurance	-	39,754	40,180
Recruitment and retention	-	1,182	2,053
One time costs (Note 12)	-	-	31,856
	<u>1,505,209</u>	<u>1,639,786</u>	<u>1,614,389</u>
Other project expenses (Note 13)	-	535,680	258,842
	<u>11,216,836</u>	<u>11,716,210</u>	<u>11,508,805</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 79,021</u>	<u>\$ 99,858</u>

Peterborough Family Health Team

Statement of Cash Flows

Year ended March 31

2022

2021

Increase (decrease) in cash

Operating

Excess of revenues over expenditures	\$	79,021	\$	99,858
Change in non-cash working capital items				
Accounts receivable		(30,010)		(26,284)
Prepaid expenses		15,424		4,900
Accounts payable and accrued liabilities		87,225		108,242
Government remittances payable		559		(80,466)
Deferred revenue		3,557		54,884
Amounts refundable to the Ministry of Health		39,301		(78,758)
		<u>195,077</u>		<u>82,376</u>

Investing

Purchase of investments		<u>-</u>		<u>(300,000)</u>
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Increase (decrease) in cash **195,077** (217,624)

Cash

Beginning of year		<u>773,250</u>		<u>990,874</u>
End of year	\$	<u>968,327</u>	\$	<u>773,250</u>

Peterborough Family Health Team

Notes to the Financial Statements

March 31, 2022

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.

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

The Organization 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.

Other funding is recognized as revenue in the year in which the service is provided or in the year in which the related expenditures are incurred.

Interest income is recorded when earned.

Cash

Cash is defined as cash held with chartered banks.

Capital assets

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

Peterborough Family Health Team

Notes to the Financial Statements

March 31, 2022

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, except for investments, which are subsequently measured at fair value.

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Organization does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Peterborough Family Health Team

Notes to the Financial Statements

March 31, 2022

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Organization initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Organization has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

Financial assets 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 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 net income.

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 (2021 - \$Nil) 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.

4. Investments

The investments consist of a Guaranteed Investment Certificate with a maturity date of April 2022 (2021 - April 2021) and an effective yield of 0.40% (2021 - 0.50%) per annum.

Peterborough Family Health Team

Notes to the Financial Statements

March 31, 2022

5. Accounts receivable

Accounts receivable consists of the following:

	<u>2022</u>	<u>2021</u>
Trade receivables	\$ 59,738	\$ 34,534
HST rebate receivable	<u>66,598</u>	<u>61,792</u>
	<u>\$ 126,336</u>	<u>\$ 96,326</u>

6. Deferred revenue

Deferred revenue consists of the following:

	<u>2022</u>	<u>2021</u>
New Canadian Centre Program	\$ 27,701	\$ 16,694
Grand Rounds	25,000	20,000
Physician Recruitment	15,000	26,435
OHT Doctor Stipend	3,840	2,560
Compassion Fund	<u>-</u>	<u>2,295</u>
	<u>\$ 71,541</u>	<u>\$ 67,984</u>

7. Amounts refundable to the Ministry of Health

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

	<u>2022</u>	<u>2021</u>
Family Health Team Funding 2019	\$ 161,554	\$ 161,554
Family Health Team Funding 2020	185	185
Family Health Team Funding 2021	2,267	2,267
Family Health Team Funding 2022	<u>39,301</u>	<u>-</u>
	<u>\$ 203,307</u>	<u>\$ 164,006</u>

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 \$9,449 (2021 - \$89,138) of human resource expenses which were charged to this fund during the year. The Board authorized an interfund transfer of \$9,449 (2021 - \$89,138) from the unrestricted fund to the internally restricted fund to replenish the fund.

Peterborough Family Health Team

Notes to the Financial Statements

March 31, 2022

9. Credit facilities

The Organization has an authorized a line of credit/overdraft lending account of \$100,000 bearing interest at prime plus 2%, of which \$Nil (2021 - \$Nil) was used at year end.

10. 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:

2023	\$	534,878
2024		354,328
2025		256,163
2026		241,540
2027		242,191
Subsequent years		<u>1,996,787</u>
	\$	<u>3,625,887</u>

Peterborough Family Health Team

Notes to the Financial Statements

March 31, 2022

11. Other funding

Included in other funding are amounts received from sources other than the Ministry of Health for the following:

	<u>2022</u>	<u>2021</u>
Vaccination clinics	\$ 231,148	\$ -
Virtual care clinic	175,000	175,000
Property tax rebate	93,581	104,063
Physician recruitment	47,655	21,000
GPHSF	45,970	39,834
Other	21,347	18,803
	<u>\$ 614,701</u>	<u>\$ 358,700</u>

12. One time costs

Included in one time costs are expenditures not specifically identified within the budget that are incurred using funding that was approved by the Ministry of Health. There were no one time costs incurred during the year.

13. Other project expenses

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

	<u>2022</u>	<u>2021</u>
Vaccination clinics	\$ 255,293	\$ -
Virtual care clinics	173,726	175,000
GPHSF	46,320	39,834
Physician recruitment	40,110	21,000
Other	20,231	23,008
	<u>\$ 535,680</u>	<u>\$ 258,842</u>

14. Contingencies

During the year a former employee filed a claim against the Organization related to a wrongful termination. At year end an estimate of damages cannot be made due to the uncertainty of the outcome.

Peterborough Family Health Team

Notes to the Financial Statements

March 31, 2022

15. 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.

16. 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 \$538,939 (2021 - \$533,990). 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, 2021 and disclosed the following (in \$ millions) for 2021 and 2020 respectively:

	<u>2022</u>	<u>2021</u>
Net assets available for benefits	\$ 114,414	\$ 103,983
Accrued pension benefit obligation	<u>(85,902)</u>	<u>(79,852)</u>
Pension surplus	<u>28,512</u>	<u>24,131</u>

17. Budget amounts

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