

Financial Statements of

**WINDSOR FAMILY HEALTH  
TEAM**

Year ended March 31, 2015

# WINDSOR FAMILY HEALTH TEAM

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Year ended March 31, 2015

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## INDEPENDENT AUDITORS' REPORT

To the Directors of Windsor Family Health Team

We have audited the accompanying financial statements of Windsor Family Health Team, which comprise the balance sheet as at March 31, 2015, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, which comprise a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Windsor Family Health Team as at March 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

June 10, 2015  
Windsor, Canada

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# WINDSOR FAMILY HEALTH TEAM

## Balance Sheet

March 31, 2015, with comparative information for 2014

	2015	2014
<b>Assets</b>		
Current assets:		
Cash	\$ 207,685	\$ 565,249
Investments (note 3)	400,000	100,000
HST recoverable	22,459	25,872
Prepaid expenses and deposits	23,820	21,354
	<u>653,964</u>	<u>712,475</u>
Capital assets, at cost (note 4)	702,298	687,551
Less: accumulated amortization	<u>463,303</u>	<u>404,394</u>
	238,995	283,157
	<u>\$ 892,959</u>	<u>\$ 995,632</u>

## Liabilities and Net Assets

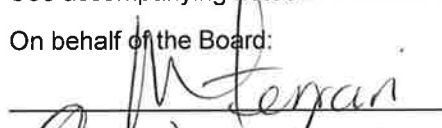
Current liabilities:		
Accounts payable and accrued liabilities	\$ 39,062	\$ 26,967
Accrued wages and benefits (note 5)	58,612	48,110
Deferred revenue (note 7)	-	118,601
Due to the Ministry of Health and Long-Term Care (note 10)	107,661	131,023
	<u>205,335</u>	<u>324,701</u>
Deferred capital contributions (note 8)	206,160	250,322
	<u>411,495</u>	<u>575,023</u>
Net assets:		
Net assets - unrestricted	448,629	387,774
Net assets invested in capital assets (note 9)	<u>32,835</u>	<u>32,835</u>
	481,464	420,609

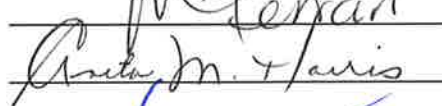
Commitments (note 11)


	<u>\$ 892,959</u>	<u>\$ 995,632</u>
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See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Executive Director

  
\_\_\_\_\_  
Chair

  
\_\_\_\_\_  
Treasurer

# WINDSOR FAMILY HEALTH TEAM

## Statement of Changes in Fund Balances

Year ended March 31, 2015, with comparative information for 2014

	Net assets Unrestricted	Net assets invested in capital assets	2015 Total	2014 Total
Fund balance, beginning of year	\$ 387,774	\$ 32,835	\$ 420,609	\$ 367,345
Total surplus for the year	60,855	-	60,855	53,264
Fund balance, end of year	\$ 448,629	\$ 32,835	\$ 481,464	\$ 420,609

See accompanying notes to financial statements.

# WINDSOR FAMILY HEALTH TEAM

## Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Funding, Ministry of Health and Long Term Care (note 6):		
Operating current year, as approved	\$ 1,607,086	\$ 1,324,929
Blended salary model	740,873	734,884
OHIP funding, bonuses and premiums	278,531	262,664
Income stabilization	181,114	16,548
Amortization of deferred capital contributions (note 8)	58,909	61,720
St. Clair College pilot project	3,285	151,802
One-time funding, nursing	-	107,044
	<u>2,869,798</u>	<u>2,659,591</u>
Funded operating expenditures:		
Salaries and benefits - blended salary model	744,769	725,424
Salaries and benefits - human resources	964,852	794,137
Salaries and benefits - St. Clair College	228,914	133,931
OHIP - bonuses and premiums	278,531	262,664
Rent	211,374	207,038
Salaries and benefits - income stabilization	177,236	17,237
Discretionary overhead	84,893	66,064
Clinical travel	3,932	980
Amortization	58,909	61,720
Maintenance of premises	26,263	26,451
Information technology expenses	16,242	16,620
Consulting - general	16,195	22,113
Recruitment	13,404	1,480
Consulting - physician	12,000	12,000
Staff training and professional development	8,589	15,997
Insurance	8,526	9,487
St. Clair College project expenses	3,285	17,870
Legal	7,047	5,370
Accounting	5,900	5,900
Equipment lease and service	1,800	1,636
One-time funding, nursing	-	107,044
	<u>2,872,661</u>	<u>2,511,163</u>
Surplus (deficit) of funding over operating expenditures	(2,863)	148,428
Other income and unfunded expenses:		
Reimbursement of sales and property taxes paid	38,639	45,903
Patient fees - uninsured services	33,336	24,468
Miscellaneous	13,109	20,752
Unfunded expenses	(17,230)	(16,510)
OMD IT funding, less related expenses	4,623	5,494
	<u>72,477</u>	<u>80,107</u>
Total surplus for the year before settlement	69,614	228,535
Recovery of prior years' excess funding (note 10)	(8,759)	(44,248)
Settlement of funds from Ministry (note 10)	-	(131,023)
<b>Total surplus for the year</b>	<b>\$ 60,855</b>	<b>\$ 53,264</b>

See accompanying notes to financial statements.

# WINDSOR FAMILY HEALTH TEAM

## Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Surplus for the year	\$ 60,855	\$ 53,264
Amortization of deferred capital contributions	(58,909)	(61,720)
Item not involving cash:		
Amortization	58,909	61,720
Changes in non-cash operating working capital	(118,419)	216,724
	(57,564)	269,988
Investing activities:		
Increase in investments	(300,000)	-
Funding allocated to capital assets	14,747	55,697
Additions to capital assets	(14,747)	(54,232)
	(300,000)	1,465
Increase (decrease) in cash	(357,564)	271,453
Cash, beginning of year	565,249	293,796
Cash, end of year	\$ 207,685	\$ 565,249

See accompanying notes to financial statements.

# WINDSOR FAMILY HEALTH TEAM

Notes to Financial Statements

Year ended March 31, 2015

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## 1. Purpose and legal form of operation:

Windsor Family Health Team (the "Organization") was incorporated May 4, 2007 without share capital to operate a community health care centre by providing medical, health and support services for the general public. 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.

## 2. Summary of significant accounting policies:

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

### (a) 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 relates 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.



# WINDSOR FAMILY HEALTH TEAM

Notes to Financial Statements (continued)

Year ended March 31, 2015

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

### (b) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is recorded as follows:

Asset	Basis	Rate
Computer equipment	Declining balance	20%
Computer software	Declining balance	20%
Furniture and fixtures	Declining balance	20%
Medical equipment	Declining balance	20%
Security system	Declining balance	20%
Sign	Declining balance	20%
Telecom	Declining balance	20%
Leasehold improvements	Straight line	Remaining lease term

When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

### (c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# WINDSOR FAMILY HEALTH TEAM

Notes to Financial Statements (continued)

Year ended March 31, 2015

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

(d) 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.

## 3. Investments:

	2015	2014
Investments	\$ 400,000	\$ 100,000
	\$ 400,000	\$ 100,000

In February of 2015, the Organization invested in three term investments of \$100,000, \$100,000 and \$200,000, bearing interest of 1.5%, 2.00%, and 2.35% respectively. The investments mature on February 5, 2016, February 5, 2016, and February 5, 2017, respectively.

## 4. Capital assets:

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Computer equipment	\$ 236,991	\$ 140,408	\$ 96,583	\$ 105,127
Computer software	7,870	7,430	440	140
Furniture and fixtures	171,551	128,673	42,878	53,598
Medical equipment	142,888	95,882	47,006	58,757
Security system	18,056	13,797	4,259	5,325
Sign	6,834	5,076	1,758	2,198
Telecom	7,070	4,956	2,114	2,642
Leasehold improvements	111,038	67,081	43,957	55,370
	\$ 702,298	\$ 463,303	\$ 238,995	\$ 283,157

# WINDSOR FAMILY HEALTH TEAM

Notes to Financial Statements (continued)

Year ended March 31, 2015

## 5. Accrued wages and benefits:

Included in accrued wages and benefits are government remittances payable of \$37,118 (2014 - \$19,442), which includes amounts payable for payroll related taxes and pension contributions.

## 6. Government funding:

During 2015, the Organization received 96.40% (2014 – 95.10%) of its revenue from a funding agreement with the government of Ontario under its Ministry of Health and Long Term Care department (“the Ministry”) to provide health care services to the general public.

An analysis of total Ministry funding received during the year is as follows:

	2015	2014
Operating activities, recognized as revenue during the year	\$ 1,607,086	\$ 1,324,929
Funding for purchase of property, plant and equipment, recognized within “deferred capital contributions”	14,747	12,295
Funding for purchase of property, plant and equipment, Recognized within “deferred capital contributions” – one time	-	43,402
Total as per funding agreement (net of agreed holdbacks)	1,621,833	1,380,626
Physician salaries, recognized as revenue during the year	1,200,518	1,014,096
St. Clair College pilot project, recognized as revenue during the year	3,285	151,802
One-time funding, nursing	-	107,044
Total Ministry funding	\$ 2,825,636	\$ 2,653,567

## 7. Deferred revenue

Deferred revenue consists of funding received from the Ministry on account of the St. Clair College pilot project. The pilot project ended in November 2014 at which time the remaining funding amounts were owed by the Organization to the Ministry.

# WINDSOR FAMILY HEALTH TEAM

Notes to Financial Statements (continued)

Year ended March 31, 2015

## 8. Capital assets and related deferred contributions:

The movement in deferred capital contributions during the year was as follows:

	2015	2014
Deferred capital contributions, beginning of year	\$ 250,322	\$ 256,345
Additional funding relating to purchase capital assets	14,747	55,697
Less: Recognized as revenue during the year	(58,909)	(61,720)
<b>Deferred capital contributions, end of year</b>	<b>\$ 206,160</b>	<b>\$ 250,322</b>

## 9. Capital assets and related deferred contributions:

Net assets invested in capital assets at year-end are as follows:

	2015	2014
Capital assets at cost less accumulated amortization	\$ 238,995	\$ 283,157
Less: Funding received and treated as deferred capital contributions	(206,160)	(250,322)
	<b>\$ 32,835</b>	<b>\$ 32,835</b>

## 10. Accountability for funding and assets:

Under the terms of the funding agreement described in note 6 above, 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, 2015, the Organization recognized an amount due to the Ministry of \$107,661 on the statement of financial position, which is the prior year's St. Clair College pilot project deferred revenue.

At March 31, 2014, the Organization recognized an amount due to the Ministry representing the 2014 settlement of \$131,023 on the statement of financial position.

# WINDSOR FAMILY HEALTH TEAM

Notes to Financial Statements (continued)

Year ended March 31, 2015

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## 10. Accountability for funding and assets (continued):

The Organization may not, without the Ministry's prior written consent, sell, lease or otherwise dispose of any equipment valued at an amount of \$5,000 or more at the time of disposition, purchased with funds provided under the current agreement, for a period of five years. The Ministry reserves the right to demand reimbursement from the Organization, in an amount equal to the value of the disposed asset.

## 11. Lease commitments:

The Organization's future obligations under an operating lease for use of land and building at the Jackson Park Health Centre are approximately as follows:

Year	Lease obligation
2016	\$ 204,000
2017	210,000
2018	216,000
2019	18,000
	<hr/>
	\$ 648,000

## 12. Financial risk:

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. There has been no change to the risk exposures from 2014.