

Financial Statements of

**WINDSOR FAMILY HEALTH
TEAM**

Years ended March 31, 2013 and 2012

WINDSOR FAMILY HEALTH TEAM

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Year ended March 31, 2012

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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 sheets as at March 31, 2013 and 2012, the statements of operations and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 audits 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 in our audits 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, 2013 and March 31, 2012, and its results of operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian standards for not-for-profit organizations.

Chartered Accountants, Licensed Public Accountants

June 12, 2013
Windsor, Canada

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WINDSOR FAMILY HEALTH TEAM

Balance Sheets

March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
Assets			
Current assets:			
Cash	\$ 293,796	\$ 310,750	\$ 205,458
Investments (note 3)	100,000	-	-
HST recoverable	24,363	21,053	20,381
Due from the Ministry of Health and Long-Term Care (note 9)	-	23,950	-
Other receivables	1,000	2,667	-
Prepaid expenses and deposits	20,434	19,313	12,199
	<u>439,593</u>	<u>377,733</u>	<u>238,038</u>
Capital assets, at cost (note 4)	633,318	582,624	541,478
Less: accumulated amortization	<u>342,673</u>	<u>276,602</u>	<u>207,303</u>
	290,645	306,022	334,175
	<u>\$ 730,238</u>	<u>\$ 683,755</u>	<u>\$ 572,213</u>

Liabilities and Net Assets

Current liabilities:			
Accounts payable and accrued liabilities	\$ 34,253	\$ 16,633	\$ 21,440
Accrued wages and benefits (note 5)	43,938	33,688	24,151
Due to the Ministry of Health and Long-Term Care (note 9)	28,357	23,356	-
	<u>106,548</u>	<u>73,677</u>	<u>45,591</u>
Deferred capital contributions (note 7)	256,345	306,022	342,557
	<u>362,893</u>	<u>379,699</u>	<u>388,148</u>
Net assets:			
Net assets - unrestricted	333,045	304,056	192,447
Net assets invested in capital assets (note 8)	34,300	-	(8,382)
	<u>367,345</u>	<u>304,056</u>	<u>184,065</u>
Commitments (note 10)			
	<u>\$ 730,238</u>	<u>\$ 683,755</u>	<u>\$ 572,213</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Executive Director

_____ Chair

_____ Treasurer

WINDSOR FAMILY HEALTH TEAM

Statements of Changes in Fund balance

Years ended March 31, 2013 and 2012

March 31, 2013	Net assets Unrestricted	Net assets invested in capital assets	Total
Fund balance, beginning of year	\$ 304,056	\$ -	\$ 304,056
Total surplus for the year	63,289	-	63,289
Interfund transfers	(34,300)	34,300	-
Fund balance, end of year	\$ 333,045	\$ 34,300	\$ 367,345

March 31, 2012	Net assets Unrestricted	Net assets invested in capital assets	Total
Fund balance, beginning of year	\$ 192,447	\$ (8,382)	\$ 184,065
Total surplus for the year	119,991	-	119,991
Interfund transfers	(8,382)	8,382	-
Fund balance, end of year	\$ 304,056	\$ -	\$ 304,056

See accompanying notes to financial statements.

WINDSOR FAMILY HEALTH TEAM

Statements of Operations

Years ended March 31, 2013 and 2012

	2013	2012
Funding, Ministry of Health and Long Term Care (note 9):		
Operating current year, as approved	\$ 1,153,253	\$ 1,134,442
Income stabilization	143,191	79,289
Blended salary model	1,021,808	816,290
Nurse practitioner	9,949	-
Amortization of deferred capital contributions (note 7)	66,071	69,299
	<u>2,394,272</u>	<u>2,099,320</u>
Funded operating expenditures:		
Accounting	5,750	5,750
Amortization	66,071	69,299
Consulting - general	9,391	12,369
Consulting - physician	12,000	12,000
Discretionary overhead	78,130	65,997
Equipment lease and service	2,314	2,397
Information technology expenses	15,124	10,789
Insurance	7,935	5,957
Legal	1,643	6,680
Maintenance of premises	24,730	26,242
Recruitment	13,138	1,307
Rent	201,021	205,262
Salaries and benefits - blended salary model	1,012,573	772,556
Salaries and benefits - human resources	778,414	748,074
Salaries and benefits - income stabilization	147,075	80,509
Staff training and professional development	5,588	8,261
	<u>2,380,897</u>	<u>2,033,449</u>
Surplus of funding over operating expenditures	13,375	65,871
Other income and unfunded expenses:		
OMD IT funding, less related expenses	18,391	23,978
Patient fees - uninsured services	10,079	8,209
Miscellaneous	6,375	10,343
Nurse Practitioner access reporting	35	339
Reimbursement of sales and property taxes paid	35,161	52,276
Unfunded expenses	(5,177)	(4,237)
	<u>64,864</u>	<u>90,908</u>
Total surplus for the year before settlement	78,239	156,779
Recovery of prior years' excess funding (note 9)	-	(13,432)
Settlement of funds from Ministry	(14,950)	(23,356)
Total surplus for the year	\$ 63,289	\$ 119,991

See accompanying notes to financial statements.

WINDSOR FAMILY HEALTH TEAM

Statements of Cash Flows

Years ended March 31, 2013 and 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Surplus for the year	\$ 63,289	\$ 119,991
Amortization of deferred capital contributions	(66,071)	(69,299)
Item not involving cash:		
Amortization	66,071	69,299
Changes in non-cash operating working capital	54,057	(6,317)
	<u>117,346</u>	<u>113,674</u>
Investing activities:		
Increase in investments	(100,000)	-
Funding allocated to capital assets	16,394	32,764
Additions to capital assets	(50,694)	(41,146)
	<u>(134,300)</u>	<u>(8,382)</u>
Increase (decrease) in cash	(16,954)	105,292
Cash, beginning of year	310,750	205,458
Cash, end of year	<u>\$ 293,796</u>	<u>\$ 310,750</u>

See accompanying notes to financial statements.

WINDSOR FAMILY HEALTH TEAM

Notes to Financial Statements

Years ended March 31, 2013 and 2012

1. Purpose and legal form of operation:

Windsor Family Health Team 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.

On April 1, 2012, the Organization adopted Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with Not-For-Profit Standards.

In accordance with the transitional provisions in Not-For-Profit Standards, the Organization has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying Not-For-Profit Standards.

There are no transitional adjustments requiring changes to net assets and excess of revenues over expenditures at April 1, 2011 or March 31, 2012, respectively.

2. Summary of significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations 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)

Years ended March 31, 2013 and 2012

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. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other 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)

Years ended March 31, 2013 and 2012

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:

	March 31, 2013	March 31, 2012	April 1, 2011
Investments	\$ 100,000	\$ –	\$ –
	\$ 100,000	\$ –	\$ –

In December of 2012, the Organization invested in guaranteed investment certificate bearing interest of 0.40%. The investment matures December, 2013.

4. Capital assets:

March 31, 2013	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 195,923	\$ 95,114	\$ 100,809
Computer software	6,710	6,710	–
Furniture and fixtures	168,920	104,883	64,037
Medical equipment	119,757	72,333	47,424
Security system	18,056	11,400	6,656
Sign	6,834	4,087	2,747
Telecom	6,080	3,891	2,189
Leasehold improvements	111,038	44,255	66,783
	\$ 633,318	\$ 342,673	\$ 290,645

WINDSOR FAMILY HEALTH TEAM

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

4. Capital assets (continued):

March 31, 2012	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 164,033	\$ 73,898	\$ 90,135
Computer software	7,088	3,544	3,544
Furniture and fixtures	168,270	88,955	79,315
Medical equipment	116,507	60,883	55,624
Security system	18,056	9,736	8,320
Sign	6,834	3,400	3,434
Telecom	6,080	3,344	2,736
Leasehold improvements	95,756	32,842	62,914
	<u>\$ 582,624</u>	<u>\$ 276,602</u>	<u>\$ 306,022</u>

April 1, 2011	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 137,372	\$ 54,697	\$ 82,675
Furniture and fixtures	167,610	69,209	98,401
Medical equipment	113,019	47,413	65,606
Security system	18,056	7,656	10,400
Sign	6,834	2,541	4,293
Telecom	6,080	2,660	3,420
Leasehold improvements	92,507	23,127	69,380
	<u>\$ 541,478</u>	<u>\$ 207,303</u>	<u>\$ 334,175</u>

5. Accrued wages and benefits:

Included in accrued wages and benefits are government remittances payable of \$25,071 (March 31, 2012 - \$19,627; April 1, 2011 - \$12,100), which includes amounts payable for payroll related taxes and pension contributions.

WINDSOR FAMILY HEALTH TEAM

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

6. Government funding:

During 2013, the Organization received 94.63% (2012 – 92.64%) 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:

	2013	2012
Operating activities, recognized as revenue during the year	\$ 1,153,253	\$ 1,134,532
Funding for purchase of property, plant and equipment, recognized within “deferred capital contributions”	16,394	32,764
Total as per funding agreement (net of agreed holdbacks)	1,169,647	1,167,296
Physician salaries, recognized as revenue during the year	1,164,999	895,579
Total Ministry funding	\$ 2,334,646	\$ 2,062,875

7. Capital assets and related deferred contributions:

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

	March 31, 2013	March 31, 2012	April 1, 2011
Deferred capital contributions, beginning of year	\$ 306,022	\$ 342,557	\$ 391,945
Additional funding relating to purchase capital assets	16,394	32,764	24,097
Less: Recognized as revenue during the year	(66,071)	(69,299)	(73,485)
Deferred capital contributions, end of year	\$ 256,345	\$ 306,022	\$ 342,557

WINDSOR FAMILY HEALTH TEAM

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

8. Capital assets and related deferred contributions:

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

	March 31, 2013	March 31, 2012	April 1, 2011
Capital assets at cost less accumulated amortization	\$ 290,645	\$ 306,022	\$ 334,175
Less: Funding received and treated as deferred capital contributions	(256,345)	(306,022)	(342,557)
	\$ 34,300	\$ –	\$ (8,382)

9. Accountability for funding and assets:

Under the terms of the funding agreement described in note 4 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.

During the year ended March 31, 2012, the Ministry reviewed all funding and spending for 2010 and 2011 and, as a result, reduced funding in that year by \$13,432.

At March 31, 2012, the Organization recognized an amount due to the Ministry representing the 2012 settlement of \$23,356 on the statement of financial position.

At March 31, 2013, the Organization recognized an amount due from Ministry representing the 2013 settlement of \$14,950 on the statements of financial position.

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.

WINDSOR FAMILY HEALTH TEAM

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

10. 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
2014	\$ 192,000
2015	198,000
2016	204,000
2017	210,000
2018	216,000
	<hr/>
	\$ 1,020,000

11. 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 2012.