



Financial Statements

Association of Family Health Teams of Ontario

March 31, 2019

Contents

	Page
Independent auditor's report	1 - 2
Statement of Operations and Changes in Net Assets	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 11
Schedule of Revenues and Expenses Schedule 1 – General Program	12
Schedule of Revenues and Expenses Schedule 2 – Governance and Leadership Program	13
Schedule of Revenues and Expenses Schedule 3 – QIDS Provincial Program	14

Independent auditor's report

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To the Members of the Association of Family Health Teams of Ontario

Opinion

We have audited the accompanying financial statements of the Association of Family Health Teams of Ontario (the "Association"), which comprise the statement of financial position as at March 31, 2019, the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association of Family Health Teams of Ontario as at March 31, 2019, 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 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 Association 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.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The schedules of Revenue and Expenses by program on pages 12 – 14 is presented for purposes of additional information and is not required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly we express no opinion on it.

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 Association'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 Association or to cease operations, or has no realistic alternative 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 Association'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 Association'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 Association 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.

Toronto, Canada
June 19, 2019

Chartered Professional Accountants
Licensed Public Accountants

Association of Family Health Teams of Ontario

Statement of Operations and Changes in Net Assets

Year ended March 31

2019

2018

Revenues

Ministry of Health and Long-Term Care grants (Note 8)		
Performance measurement and quality improvement (QIDS)	\$ 412,201	\$ 516,776
Governance and leadership	123,876	302,580
Membership fees	520,725	462,750
Conference fees	264,170	289,956
Sponsorships	141,000	148,500
Recognition of deferred voluntary member contributions (Note 7)	47,727	115,991
Other project grants	34,385	10,000
Other income	20,034	29,173
Deferred capital contributions (Note 4)	4,702	5,690
	<u>1,568,820</u>	<u>1,881,416</u>

Expenses

Salaries and benefits	891,388	907,209
Conferences	381,479	391,709
Project expenses	194,810	385,364
Office expenses, travel and meetings	71,003	80,566
Rent	63,008	61,841
Board travel	23,623	14,349
Professional fees	17,675	36,497
Amortization	15,586	10,284
Award program	10,000	12,000
Advertising, promotion, and website maintenance	3,000	935
Interest and bank charges	661	152
	<u>1,672,233</u>	<u>1,900,906</u>

Deficiency of revenue over expenses	\$ <u>(103,413)</u>	\$ <u>(19,490)</u>
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Net assets, beginning of year	\$ 729,821	\$ 749,311
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Deficiency of revenue over expenses	<u>(103,413)</u>	<u>(19,490)</u>
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Net assets, end of year	\$ <u>626,408</u>	\$ <u>729,821</u>
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See accompanying notes and schedule to the financial statements

Association of Family Health Teams of Ontario

Statement of Financial Position

March 31

2019

2018

Assets

Current

Cash and cash equivalents	\$ 564,120	\$ 548,566
Investments (Note 3)	151,906	302,203
Accounts receivable	120,537	62,878
Prepaid expenses	<u>52,260</u>	<u>90,941</u>
	888,823	1,004,588

Capital assets (Note 4)	70,877	19,708
Intangible assets (Note 5)	<u>469</u>	<u>603</u>
	<u>\$ 960,169</u>	<u>1,024,899</u>

Liabilities

Current

Accounts payable and accrued liabilities (Note 6)	\$ 62,124	\$ 123,163
Due to Ministry of Health and Long-Term Care (Note 9)	780	651
Deferred voluntary contributions (Note 7)	83,655	68,382
Deferred revenue (Note 8)	<u>178,624</u>	<u>89,600</u>
	325,183	281,796

Deferred capital contributions (Note 4)	<u>8,578</u>	<u>13,282</u>
	333,761	295,078

Net assets

Unrestricted	<u>626,408</u>	<u>729,821</u>
	<u>\$ 960,169</u>	<u>\$ 1,024,899</u>

Commitments (Note 10)

On behalf of the Board:



Director



Director

See accompanying notes and schedule to the financial statements

Association of Family Health Teams of Ontario

Statement of Cash Flows

Year ended March 31

2019

2018

Operating activities

Deficiency of revenue over expenses	\$ (103,413)	\$ (19,490)
Items not affecting cash		
Amortization	15,586	10,284
Amortization of deferred capital contributions	(4,702)	(5,690)
Loss on disposal of capital assets	86	-
Recognition of deferred voluntary contributions	<u>(47,727)</u>	<u>(115,991)</u>
	(140,170)	(130,887)
Change in non-cash working capital		
Accounts receivable	(57,659)	(24,634)
Prepaid expenses	38,681	(41,031)
Accounts payables and accrued liabilities	(61,039)	(40,655)
Due to Ministry of Health and Long-Term Care	129	(109)
Deferred revenue	<u>89,024</u>	<u>(10,350)</u>
	<u>(131,034)</u>	<u>(247,666)</u>

Investing activities

Proceeds from investments	150,297	252,016
Proceeds from disposal of capital assets	1,664	-
Purchase of capital assets	<u>(68,373)</u>	<u>-</u>
	<u>83,588</u>	<u>252,016</u>

Financing activities

Deferred contributions received in the year for specific advocacy projects	<u>63,000</u>	<u>60,800</u>
Increase in cash and cash equivalents	15,554	65,150
Cash and cash equivalents, beginning of year	<u>548,566</u>	<u>483,416</u>
Cash and cash equivalents, end of year	<u>\$ 564,120</u>	<u>\$ 548,566</u>

See accompanying notes and schedule to the financial statements

Association of Family Health Teams of Ontario

Notes to the Financial Statements

March 31, 2019

1. Purpose of the organization

The Association of Family Health Teams of Ontario (“AFHTO” or “Association”) is a not-for-profit organization representing primary care organizations that deliver team-based primary health care. AFHTO works to support the implementation and growth of primary care teams by promoting best practices, sharing lessons learned, and advocating on behalf of all primary care teams.

The Association is a non-for-profit organization incorporated under the laws of the Province of Ontario on August 18, 2006. The Association is exempt from income taxes under the provisions of the Income Tax Act (Canada).

2. Summary of significant accounting policies

The Association has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Revenue recognition

The Association uses the deferral method of accounting for revenue. Unrestricted contribution revenue is recorded if the amount is reasonably estimated and collection is reasonably assured. Externally restricted revenue is recognized as revenue in the fiscal year in which the related expenses are incurred. Where funding received relates to future period’s activities, it is deferred and recognized in that subsequent period.

Specific funding for the purchase of capital assets is deferred and amortized over the useful life of the related capital assets so that revenue recognition corresponds with the related amortization expense.

Funding from the Ministry of Health and Long-Term Care (MOHLTC) is recorded as revenue in the period to which it applies. The Funding Agreement with the MOHLTC requires that any funding not spent in accordance with the agreement terms must be returned to the MOHLTC unless otherwise agreed to by the MOHLTC in writing. Accordingly, any related excess of revenue over expenses has been recorded as another item expense on the Statement of Operations and as a liability at the year end.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit in chartered banks and guaranteed investment certificates that have original maturities of less than three months.

Investments

Investments are Guaranteed Investment Certificates (GICs) deposits which mature in the next year or less.

Association of Family Health Teams of Ontario

Notes to the Financial Statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost and amortized over their estimated useful lives at the following rates per annum:

Website development	- 30% declining balance method
Computer	- 30% declining balance method
Furniture and fixtures	- 20% declining balance method
Communication equipment	- 30% declining balance method
Leasehold improvements	- 5 year straight-line method

A half year's amortization is taken in the year of acquisition.

Intangible assets

The AFHTO trademark is an intangible asset, which is recorded at cost and amortized on a straight-line basis over 10 years.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each year end date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Significant items subject to management estimates include allowance for doubtful accounts, useful lives of capital assets and accruals.

Financial instruments

The Association's financial instruments are comprised of cash and cash equivalents, investments, accounts receivable, accounts payable and Due to Ministry of Health and Long-Term Care. All of the financial instruments are measured at amortized cost.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. Financial assets or liabilities obtained in related party transactions are measured at their exchange amount. The Association subsequently measures all of its financial assets and liabilities at amortized cost, except investments in an active market which are measured at fair value determined using the closing price at year end.

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the statement of operations.

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 reversal are recognized in the Statement of Operations.

Association of Family Health Teams of Ontario

Notes to the Financial Statements

March 31, 2019

3. Investments

Investments consist of two guaranteed investment certificates totaling \$150,000 plus accrued interest to March 31, 2019. The investments earn interest at 1.75% (2018 – 1.00%) and mature on July 9, 2019.

4. Capital assets			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 10,853	\$ 10,853	\$ -	\$ 1,088
Website development	105,604	45,559	60,045	2,197
Computers	<u>9,601</u>	<u>7,347</u>	<u>2,254</u>	<u>3,141</u>
	<u>126,058</u>	<u>63,759</u>	<u>62,299</u>	<u>6,426</u>
<u>Purchased with grant funding:</u>				
Communication equipment	5,984	5,129	855	1,221
Computers	20,468	15,947	4,521	7,486
Furniture and Fixtures	<u>14,180</u>	<u>10,978</u>	<u>3,202</u>	<u>4,575</u>
	<u>40,632</u>	<u>32,054</u>	<u>8,578</u>	<u>13,282</u>
	<u>\$ 166,690</u>	<u>\$ 95,813</u>	<u>\$ 70,877</u>	<u>\$ 19,708</u>

Capital assets purchased with grant funding in prior years had amortization of \$4,702 in 2019 (2018 – \$5,690), thus revenue recognized on deferred capital contributions in the year was \$4,702 (2018 – \$5,690).

5. Intangible asset			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Trademark	\$ <u>1,340</u>	\$ <u>871</u>	\$ <u>469</u>	\$ <u>603</u>

6. Accounts payable and accrued liabilities

The total portion of accounts payable and accrued liabilities that are government remittances payable as at March 31, 2019 is \$Nil (2018 – \$4,836).

Association of Family Health Teams of Ontario

Notes to the Financial Statements

March 31, 2019

7. Deferred voluntary membership contributions

Each year, AFHTO reaches out to its members for special funding to use on specific advocacy projects on behalf of members. The contributions from members are voluntary. The funds received annually are considered to be externally restricted for use only on the projects outlined in the campaign literature sent to the membership with the request. As such, revenue will be earned as costs permitted by the funders are incurred.

Voluntary contributions raised include the following:

- In 2016/17 - to fund the legal review and membership support for the negotiation and implementation of the new FHT Contract (most funds related to that were not used until FY 2017-2018). The final FHT contract was released in March 2018 and the funds were utilized on the legal review and webinars to support members in navigating the new contract.
- In 2017/18 – to fund activities for ongoing work related to compensation activities for recruitment and retention, including a 2017 Market Refresh of salary levels and Guidance Document for Executive Compensation for Boards.
- In 2018/19 and in 2019/20 – to fund activities related to pre-election and post-election activities, including the hiring of a Government Relations firm to help AFHTO develop messaging and attend meetings with all political parties' pre-election. Materials were also developed to support members with election campaigning in their local communities as well.

Government Relations expenses incurred in 2019:

Communications and advocacy support	\$ 42,247
Admin costs and printing of material	<u>5,480</u>

Total project expenses	\$ <u>47,727</u>
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Revenue from voluntary contributions earned during the year ended March 31, 2019:

Recognition of deferred voluntary member contributions	\$ <u>47,727</u>
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Deferred voluntary membership contributions balance is determined as follows:

	<u>2019</u>	<u>2018</u>
Deferred voluntary membership contributions, beginning of year	\$ 68,382	\$ 123,573
Voluntary contributions received	63,000	60,800
Recognition of deferred voluntary member contributions	<u>(47,727)</u>	<u>(115,991)</u>
Deferred voluntary memberships contributions, end of year	\$ <u>83,655</u>	\$ <u>68,382</u>

Association of Family Health Teams of Ontario

Notes to the Financial Statements

March 31, 2019

8. Deferred revenue	2019	2018
Membership fees	\$ 152,750	\$ 88,100
CAMH project grant	17,000	-
Conference sponsorship advances	7,434	1,500
Conference registration	<u>1,440</u>	<u>-</u>
	<u>\$ 178,624</u>	<u>\$ 89,600</u>

9. Ministry of Health and Long-Term Care Funding

The Association received funding from the MOHLTC for the year ended April 1, 2018 to March 31, 2019 in the amount of \$536,856 (2018 - \$819,356) of which \$Nil (2018 - \$Nil) was deferred.

Amounts relating to surplus funding or the current year in the amount of \$779 (2018 - \$ Nil) is recorded as a liability on the statements of financial position as repayable to the MOHLTC at year end.

10. Commitments

The Association has operating lease agreements for premises expiring in August 2023 with approximate annual lease payments, including additional rent payments for maintenance, hydro, and realty taxes, in aggregate are as follows:

2020	\$ 70,666
2021	72,350
2022	74,280
2023	75,007
2024	31,253

The Association has entered into long-term contracts for future conference services with an estimated minimum annual commitment and cancellation provision in aggregate as follows:

	<u>Minimum annual commitment</u>	<u>Cancellation provision</u>
2020	\$ 384,788	Between \$37,161 and \$297,288
2021	\$ 390,610	Between \$46,403 and \$243,488
2022	\$ 396,130	Between \$47,782 and \$247,904

11. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. There was no significant change in risk exposure from the prior year.

Association of Family Health Teams of Ontario

Notes to the Financial Statements

March 31, 2019

11. Financial instruments (continued)

Credit risk

The Association is subject to credit risk through receivables. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Association's management does not expect any financial loss on the March 31, 2019 receivable balance.

Liquidity risk

Liquidity risk is the risk that the Association may encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. It is management's opinion that the Association is not exposed to significant liquidity risks arising from its financial instruments.

12. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

13. Subsequent event

Subsequent to the end of the fiscal year, direction from the Provincial government has left material uncertainty around the amount of funding the Association will be receiving from the Ministry of Health and Long Term Care in fiscal 2020 and into the future. As a result, the Association is reviewing its planned operations and spending to account for this reduction in revenue.

Association of Family Health Teams of Ontario

Schedule of Revenues and Expenses

Schedule 1 – General Program

(Unaudited)

Year ended March 31

2019

2018

Revenues

Membership fees	\$ 520,725	\$ 462,750
Conference fees	264,170	289,956
Sponsorships	141,000	148,500
Recognition of deferred voluntary member contributions	47,727	115,991
Other project grants	34,385	10,000
Other income	20,034	29,173
Deferred capital contributions	<u>4,702</u>	<u>5,690</u>
	<u>1,032,743</u>	<u>1,062,060</u>

Expenses

Conferences	381,479	391,709
Salaries and benefits	379,323	408,552
Project expenses	72,156	123,187
Rent	47,053	43,720
Office expenses, travel and meetings	34,175	19,902
Board travel	23,623	14,349
Professional fees	17,675	36,497
Amortization	15,586	10,284
Award program	10,000	12,000
Advertising, promotion and website maintenance	3,000	935
Interest and bank charges	<u>661</u>	<u>152</u>
	<u>984,731</u>	<u>1,061,287</u>

Excess of revenues over expenses	\$ <u>48,012</u>	\$ <u>773</u>
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Association of Family Health Teams of Ontario **Schedule of Revenues and Expenses** **Schedule 2 – Governance and Leadership Program**

(Unaudited)

Year ended March 31

2019

2018

Revenues

Ministry of Health and Long-Term Care	\$ <u>123,876</u>	\$ <u>302,580</u>
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Expenses

Salaries and benefits	131,887	132,896
Project expenses	74,121	167,486
Office expenses, travel and meetings	5,485	11,469
Rent	<u>3,191</u>	<u>3,627</u>
	<u>214,684</u>	<u>315,478</u>

Deficiency of revenues over expenses	\$ <u>(90,808)</u>	\$ <u>(12,898)</u>
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Association of Family Health Teams of Ontario **Schedule of Revenues and Expenses** **Schedule 3 – QIDS Provincial Program**

(Unaudited)

Year ended March 31

2019

2018

Revenues

Ministry of Health and Long-Term Care	\$ <u>412,201</u>	<u>516,776</u>
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Expenses

Salaries and benefits	380,178	365,761
Project expenses	48,533	94,691
Office expenses, travel and meetings	31,343	49,195
Rent	<u>12,764</u>	<u>14,494</u>
	<u>472,818</u>	<u>524,141</u>

Deficiency of revenues over expenses	\$ <u>(60,617)</u>	\$ <u>(7,365)</u>
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