

**Hamilton Family Health Team  
Financial Statements**

*March 31, 2023*

# Hamilton Family Health Team Contents

*For the year ended March 31, 2023*

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To the Members of Hamilton Family Health Team:

## Opinion

We have audited the financial statements of Hamilton Family Health Team (the "Organization"), which comprise the Balance Sheet- Operating and Greater Hamilton Health Network Funds as at March 31, 2023, and the statements of revenue and expenses and changes in fund balance - Operating, revenue and expenses and changes in fund balance - Greater Hamilton Health Network and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions established by the Ministry of Health.

## 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 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 opinion.

## Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Organization in complying with the financial reporting provisions of the Ministry of Health. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## 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 the financial reporting provisions established by the Ministry of Health, 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 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.

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.

Burlington, Ontario

May 16, 2023

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

# Hamilton Family Health Team

## Statement of revenue and expenses and changes in fund balance – Operating

*For the year ended March 31, 2023*

	2023	2022
<b>Revenue</b>		
Ministry of Health (MOH)		
Base funding <i>(note 2)</i>	24,796,626	24,796,626
One-time funding <i>(note 2)</i>	249,220	—
Interest	11,903	2,836
	<b>25,057,749</b>	24,799,462
<b>Expenses</b>		
Salaries and benefits <i>(note 2)</i>	21,037,093	21,444,353
Operating	2,177,850	1,649,355
Rent	1,502,246	1,470,190
Equipment lease	107,591	55,280
Insurance	79,622	55,066
Legal and audit	153,260	113,695
	<b>25,057,661</b>	24,787,939
Excess of revenue over expenses for the year		
before funding repayable to the MOH	88	11,522
Funding repayable to the MOH		
Repayable relating to fiscal 2023	(88)	—
Repayable relating to fiscal 2022	—	(11,522)
Excess of revenue over expenses for the year	—	—
Fund balance, beginning of year	—	—
<b>Fund balance, end of year</b>	<b>—</b>	<b>—</b>

*The accompanying notes are an integral part of these financial statements.*

**Hamilton Family Health Team**  
**Statement of revenue and expenses and changes in fund balance –**  
**Greater Hamilton Health Network**

*For the year ended March 31, 2023*

	2023	2022
<b>Revenue</b>		
Ministry of Health (MOH)		
Project funding ( <i>note 2</i> )	1,060,000	750,500
<b>Expenses</b>		
Salaries	1,008,496	628,635
Operating	51,994	282,179
	1,060,490	910,814
Deficit of revenue over expenses for the year	(490)	(160,314)
Fund balance, beginning of year	394,904	555,218
Funding reallocated to Operating fund ( <i>note 2</i> )	(394,904)	—
Funding repayable to the MOH for previous years	—	—
<b>Fund balance, end of year</b>	<b>(490)</b>	<b>394,904</b>


*The accompanying notes are an integral part of these financial statements .*

# Hamilton Family Health Team Balance Sheet – Operating and Greater Hamilton Health Network

*As at March 31, 2023*

	2023	2022
<b>Assets</b>		
Current assets		
Cash		
Operating Fund	210,228	436,378
Greater Hamilton Health Network Fund	—	394,904
Short-term investments – Operating Fund	533,744	533,737
Accounts receivable	467,483	615,294
Prepaid expenses	206,786	209,223
	1,418,241	2,189,535
<b>Liabilities</b>		
Current liabilities		
Bank indebtedness		
Greater Hamilton Health Network Fund	490	—
Accounts payable and accrued liabilities	1,330,498	1,455,164
Due to MOH ( <i>note 2</i> )	87,743	339,468
	1,418,731	1,794,631
Commitments ( <i>note 3</i> )		
<b>Fund balances</b>		
Operating Fund	—	—
Greater Hamilton Health Network	(490)	394,904
	(490)	394,904
	1,418,241	2,189,535

On behalf of the Board:

Approved by , Director

Approved by , Director

*The accompanying notes are an integral part of these financial statements.*

## Hamilton Family Health Team Statement of Cash Flows

*For the year ended March 31, 2022*

	<b>2023</b>	2022
<b>Operating activities</b>		
Deficit of revenue over expenses		
Greater Hamilton Health Network	(490)	(160,315)
Changes in non-cash operating working capital items		
Account receivable	147,811	(302,397)
Prepaid expenses	2,437	2,472
Accounts payable and accrued liabilities	(124,664)	254,130
Due to MOHLTC	(251,725)	(23,649)
	<b>(226,631)</b>	(229,760)
<b>Investing activity</b>		
Increase in short-term investments	(7)	(250,560)
<b>Financing activities</b>		
Transfer of fund balance to Operating fund <i>(note 2)</i>	(394,904)	—
Net change in cash	(621,542)	(480,319)
Cash, beginning of year	831,281	1,311,600
<b>Cash, end of year</b>	<b>209,739</b>	831,281
<b>Comprised of</b>		
Operating Fund	210,228	436,378
Capital Fund	(490)	394,904
	<b>209,739</b>	831,281

*The accompanying notes are an integral part of these financial statements.*



# Hamilton Family Health Team

## Notes to the financial statements

March 31, 2023

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### 1. Description of operations

Hamilton Family Health Team ("HFHT" or "Family Health Team") is incorporated without share capital under the laws of Ontario with Letters Patent dated February 13, 2006. HFHT is principally involved in providing primary health care by bringing together interdisciplinary health care providers to co-ordinate the highest possible quality of care for patients in the Hamilton Region. HFHT is funded by the Ministry of Health ("MOH") under the Province of Ontario's Family Health Team initiative. HFHT is exempt from tax under the Income Tax Act of Canada.

### 2. Summary of significant accounting policies

#### *MOH guidelines*

These financial statements have been prepared in accordance with the significant accounting policies set out by the MOH Family Health Team funding agreement. The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations because:

- (a) Capital assets purchased under the operating budget are charged to operations in the year the expense is incurred;
- (b) Capital lease agreements are treated as operating leases and lease payments are charged to operations in the year incurred;
- (c) Amortization is not provided on capital assets as they are expensed directly in the year incurred; and
- (d) Accruals are not provided for expenses relating to future funding agreement years.

#### *Basis of accounting*

As outlined below in Provincial Assistance, unspent funds from the current year or from previous years which were not recovered as at March 31, 2023 are shown as due to MOH as a current liability on the balance sheet.

#### *Provincial assistance*

Grants from the MOH are provided through the Family Health Team Funding Agreements and its Amendments to enable the Health Team to provide a more comprehensive and coordinated range of services to patients in the Hamilton area. The amount of assistance received in the Operating and Greater Hamilton Health Network fund in fiscal 2023 amounted to \$25,045,846 and \$1,060,000 respectively (\$24,796,626 and \$750,500 nil respectively in 2022). The Funding Agreements with the MOH require that any Health Team funding not spent in accordance with the terms of these Agreements must be returned to the MOH unless otherwise agreed to by the MOH in writing. Accordingly, any related excess of revenue over expenses has been recorded as a liability at year end.

#### *Fund accounting*

The Family Health Team follows the restricted fund method of accounting for contributions.

The Operating Fund reports the funding received from the MOH and expenses related to the operations and administration of the Family Health Team.

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

*Fund accounting (continued)*

HFHT is comprised of 166 physicians (166 in 2022) who work in a variety of clinical settings. Project funding was made available to all of these practices to accommodate the additional IHP provided by HFHT. Funding was initially provided in a lump sum with specific project approvals by the MOH required before release. Subsequently, after these funds had been depleted, funding was released on a project specific basis. These projects are now all complete and an audit report has been completed and submitted on each project to the MOH. Any unspent funds have been returned to the Ministry of Health as part of the year-end reconciliation process.

During the March 31, 2021 year end, the Greater Hamilton Health Network was created for the purpose of receiving and accounting for funds received by the Ontario Health Teams division of the MOH to be used for the start-up of the Greater Hamilton Health Network ("GHHN"). Ontario Health Networks are groups of providers and organizations that are clinically and fiscally accountable for delivering a full and coordinated continuum of care to a defined geographic population. The Ministry intends that all providers in the province will be part of one of these teams with a single accountability agreement with Ontario Health. The GHHN is a to-be-incorporated entity to oversee and manage activities in Hamilton as directed by Ontario Health. The two components to the Fund are:

- (a) Funding to afford expenditures related to the administrative staff and specific targeted areas of integration across the members of GHHN;
- (b) Funds provided to the HFHT by Ontario Health related to its role in the administration of and direct clinical involvement in program activity on behalf of the GHHN as it relates to the COVID19 pandemic. During the year the HFHT reallocated \$394,904 from the GHHN fund to the operating fund. The funds received in the 2021 fiscal year were applied against current year salaries and benefits expenses under the operating fund.

*Cash*

Cash includes cash and short-term investments with maturities of three months or less from the date of acquisition.

*Revenue recognition*

MOH funding is recognized as revenue of the Operating Fund, or Greater Hamilton Health Network Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned is recognized as revenue of the fund in which the investment is held.

*Pension plans*

HFHT makes contributions to the Healthcare of Ontario Pension Plan and the Multi-sector Pension Plan (the "Plans"), which are multi-employer pension plans, on behalf of certain members of its staff. For the Plans, HFHT uses defined contribution plan accounting as required by Canadian accounting standards for not-for-profit organization. Should there be a contribution deficiency in HFHT may be required to make additional contributions to cover these deficiencies.

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

*Use of estimates*

The preparation of financial statements in conformity with the significant accounting policies set out by the MOH funding agreement requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

*Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when the HFHT becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying of the liability and are then recognized over the expected life of the instrument using the effective interest method.

Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in operations as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the HFHT recognizes in operations an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to operations in the period the reversal occurs.

*Related party financial instruments*

The HFHT initially measures financial instruments in a related party transaction ("related party financial instrument") at cost and subsequently, are measured at cost or amortized cost in accordance with ASPE Handbook Section 3856, related party financial instruments. Transaction costs directly attributable to related party transactions are immediately recognized in the statement of operations.

**3. Commitments**

HFHT leases office space and various items of equipment under operating leases that expire at various dates ranging from 2024 to 2029. Future lease payments include the following amounts over the below range of years:

	<u>\$</u>
2024	1,298,353
2025	764,267
2026	335,430
2027	328,683
2028	331,968
Thereafter	331,968
	<u>3,390,668</u>

**4. Pension plans**

HFHT makes contributions to the Healthcare of Ontario Pension Plan (the "HOOP Plan"), which is a multi-employer pension plan, on behalf of 93 (82 in 2022) members of its staff. The HOOP Plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Pension expense is based on the HOOP Plan management's best estimates, in consultation with its actuaries, of the amount, together with contributions by employees of 6.9% of the first \$61,600 of salary and 9.2% thereafter, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the HOOP Plan. The funding objective is for the employer contributions to the HOOP Plan at 1.26 times the employee contribution to remain a constant percentage of employee's contributions.

Contributions to the HOOP Plan made during the year by HFHT on behalf of its employees amounted to \$536,055 (\$468,282 in 2022) and are included in the Statement of revenue and expenses and changes in fund balance – Operating.

HFHT also makes contributions to the Multi-sector Pension Plan (the "MSPP Plan"), which is a multi-employer pension plan, on behalf of 52 (65 in 2022) members of its staff. The MSPP Plan is a target benefit plan in which the plan members contribute 2.5% of their income each pay and HFHT matches these contributions.

Contributions to the Plan made during the year by HFHT on behalf of its employees amounted to \$125,690 (\$90,855 in 2022) and are included in the Statement of revenue and expenses and changes in fund balance – Operating.

**5. Financial instruments**

*Interest rate risk*

Interest rate risk is the risk to HFHT's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The interest bearing investments have limited exposure to interest rate risk due to their short-term maturity.

*Liquidity risk*

HFHT's objective is to have sufficient liquidity to meet its liabilities when due. HFHT monitors its cash balances and cash flows generated from its activities to meet its day to day requirements. As at March 31, 2023, the most significant financial liabilities are accounts payable and accrued liabilities and due to MOH.

**6. Comparative figures**

Comparative figures have been reclassified to conform with the current year preparation.