

WESTVIEW PHYSICIAN COLLABORATIVE NPC
(Westview Primary Care Network)
Financial Statements
For The Year Ended March 31, 2021

DRAFT

INDEPENDENT AUDITORS' REPORT

To the Members of Westview Physician Collaborative NPC (Westview Primary Care Network)

Opinion

We have audited the financial statements of Westview Physician Collaborative NPC (the PCN), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets 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 PCN as at March 31, 2021, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the PCN 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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.

In preparing the financial statements, management is responsible for assessing the PCN's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the PCN or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the PCN's financial reporting process.

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Auditors' 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 auditors' 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 PCN'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 PCN'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 auditors' report. However, future events or conditions may cause the PCN 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.

Chartered Professional Accountants

Edmonton, Alberta
June 4, 2021

WESTVIEW PHYSICIAN COLLABORATIVE NPC
(Westview Primary Care Network)
Statement of Financial Position
As at March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash and cash equivalents (Note 2)	\$ 1,283,852	\$ 1,477,492
Accounts receivable	-	57,618
Goods and Services Tax recoverable	20,217	19,044
Prepaid expenses	22,487	11,987
	<u>1,326,556</u>	1,566,141
TANGIBLE CAPITAL ASSETS (Note 3)	<u>36,427</u>	19,572
	<u>\$ 1,362,983</u>	<u>\$ 1,585,713</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 243,970	\$ 243,578
Vacation payable	60,699	33,555
Employee deductions payable	13,239	-
	<u>317,908</u>	277,133
DEFERRED REVENUE (Note 4)	1,008,649	1,050,310
DEFERRED CAPITAL CONTRIBUTIONS (Note 5)	36,426	19,572
OPERATIONAL STABILITY FUND	-	238,698
	<u>1,362,983</u>	1,585,713
NET ASSETS	<u>-</u>	<u>-</u>
	<u>\$ 1,362,983</u>	<u>\$ 1,585,713</u>
COMMITMENTS (Note 7)		

ON BEHALF OF THE BOARD:

_____ Director

_____ Director

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

WESTVIEW PHYSICIAN COLLABORATIVE NPC*(Westview Primary Care Network)***Statement of Operations****For The Year Ended March 31, 2021**

	2021	2020
REVENUE		
Alberta Health operating grant <i>(Note 4)</i>	\$ 4,424,291	\$ 4,445,102
Alberta Health - NP Support program <i>(Note 4)</i>	200,283	72,794
Alberta Health fees for service	144,182	353,549
Psychiatrist cost-sharing reimbursement	32,510	15,000
Amortization of deferred capital contributions <i>(Note 5)</i>	22,852	12,428
Interest income <i>(Note 4)</i>	5,106	17,541
Other income	-	7,644
	<u>4,829,224</u>	<u>4,924,058</u>
EXPENSES		
Health professional costs	2,773,210	2,642,712
Administration	760,316	698,268
Clinical programs	631,483	838,393
Physician management and program development	211,949	250,394
Risk management	126,134	139,908
Pharmacist integration	124,347	132,498
Quality assurance, research and evaluation	106,416	113,278
Accounting, audit, legal and consulting	36,261	35,507
Technology support	36,256	60,672
Amortization of tangible capital assets	22,852	12,428
	<u>4,829,224</u>	<u>4,924,058</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

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

WESTVIEW PHYSICIAN COLLABORATIVE NPC*(Westview Primary Care Network)***Statement of Changes in Net Assets****For The Year Ended March 31, 2021**

	Unrestricted Net Assets	Invested in Capital Assets	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -
Purchase of tangible capital assets	(39,706)	39,706	-	-
Amortization of tangible capital assets	22,852	(22,852)	-	-
Deferred capital contributions	39,706	(39,706)	-	-
Amortization of deferred capital contributions	(22,852)	22,852	-	-
NET ASSETS - END OF YEAR	\$ -	\$ -	\$ -	\$ -

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

WESTVIEW PHYSICIAN COLLABORATIVE NPC*(Westview Primary Care Network)***Statement of Cash Flows****For The Year Ended March 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ -	\$ -
Items not affecting cash:		
Amortization of tangible capital assets	22,852	12,428
Amortization of deferred capital contributions	<u>(22,852)</u>	<u>(12,428)</u>
	-	-
Changes in non-cash working capital:		
Accounts receivable	57,618	(25,000)
Goods and Services Tax	(1,173)	(3,105)
Prepaid expenses	(10,500)	(77)
Accounts payable and accrued liabilities	391	(177,833)
Vacation payable	27,144	9,324
Employee deductions payable	13,239	-
Deferred revenue	(41,661)	577,211
Operational Stability Fund	<u>(238,698)</u>	<u>(5,520)</u>
	<u>(193,640)</u>	375,000
	<u>(193,640)</u>	375,000
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(39,706)</u>	(16,962)
FINANCING ACTIVITY		
Deferred capital contributions received	<u>39,706</u>	16,962
INCREASE (DECREASE) IN CASH FLOW	(193,640)	375,000
Cash and cash equivalents - beginning of year	<u>1,477,492</u>	1,102,492
CASH AND CASH EQUIVALENTS - END OF YEAR <i>(Note 2)</i>	<u>\$ 1,283,852</u>	<u>\$ 1,477,492</u>

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

WESTVIEW PHYSICIAN COLLABORATIVE NPC

(Westview Primary Care Network)

Notes to Financial Statements

Year Ended March 31, 2021

NATURE OF OPERATIONS

Westview Physician Collaborative NPC (the "Organization") was established on April 15, 2005 under the Companies Act of Alberta as a non-profit organization. The objective of Westview Physician Collaborative NPC is to enhance the delivery of primary care to the Westview region through provider and multi-jurisdictional integration, facilitate primary health services research, develop population-based health promotion and disease prevention programs, and explore community development opportunities.

The WestView Primary Care Network (the "PCN") is among a number of initiatives developed and operated by Westview Physician Collaborative NPC. The PCN is a joint venture between Westview Physician Collaborative NPC and Alberta Health Services. It is formed to bring local physicians and other health care professionals together to provide comprehensive patient care within the geographic catchment area of Spruce Grove, Stony Plain, and Parkland County. The PCN is funded by Alberta Health through the Alberta Primary Care Initiative (PCI) Grant Agreement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. These are non-consolidated financial statements and only include assets, liabilities, revenue and expenses relating to the operations of the PCN.

Revenue recognition

The PCN follows the deferral method of accounting for contributions. Alberta Health grants received by the Organization and related investment income are externally restricted and therefore recorded as revenue in the period in which the related expenses are incurred. The recognition is based on the Alberta Health operating agreement with the Organization.

Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Other externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the period on which the relates expenses are incurred.

Externally restricted contributions for the acquisition of capital assets are recorded as deferred capital contributions and recognized as revenue as the related assets are amortized over their useful lives.

Cash and cash equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash, subject to insignificant risk of change in value and have a maturity of three months or less at acquisition.

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WESTVIEW PHYSICIAN COLLABORATIVE NPC

(Westview Primary Care Network)

Notes to Financial Statements

Year Ended March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	45%	declining balance method
Furniture and fixtures	20%	declining balance method
Computer software	100%	declining balance method
Leasehold improvements	10 years	straight-line method

The PCN regularly reviews its tangible capital assets to eliminate obsolete items.

Financial instruments

The PCN's financial instruments consist of cash and cash equivalents, investments, accounts payable and accrued liabilities. It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted

Measurement of financial instruments

The PCN initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instruments.

The PCN subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, wages payable and source deductions payable.

The PCN has no financial assets or liabilities measured at fair value.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

WESTVIEW PHYSICIAN COLLABORATIVE NPC

(Westview Primary Care Network)

Notes to Financial Statements

Year Ended March 31, 2021

2. CASH AND CASH EQUIVALENTS

	2021	2020
Chequing Account	\$ 347,692	\$ 545,926
Savings Account	936,160	931,566
	\$ 1,283,852	\$ 1,477,492

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 134,523	\$ 108,496	\$ 26,027	\$ 13,262
Furniture and fixtures	73,206	67,919	5,287	6,310
Computer software	5,000	5,000	-	-
Leasehold improvements	338,520	333,407	5,113	-
	\$ 551,249	\$ 514,822	\$ 36,427	\$ 19,572

4. DEFERRED REVENUE

The PCN receives funding from various third parties and are restricted to the eligible operating projects as approved in the funding agreements for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	Alberta Health - Operating	Alberta Health - NP Support	2021	2020
Balance, beginning of the year	\$ 896,854	\$ 153,456	\$ 1,050,310	\$ 473,099
Grants received during the year	4,202,047	181,874	4,383,921	5,106,549
Restricted interest income	5,106	-	5,106	17,541
Grants recognized as revenue	(4,424,291)	(200,283)	(4,624,574)	(4,517,896)
Recognized interest income	(5,106)	-	(5,106)	(17,541)
Transfer to deferred capital contributions (Note 5)	(39,706)	-	(39,706)	(16,962)
OSF transfer	238,698	-	238,698	5,520
Balance, end of the year	\$ 873,602	\$ 135,047	\$ 1,008,649	\$ 1,050,310

WESTVIEW PHYSICIAN COLLABORATIVE NPC*(Westview Primary Care Network)***Notes to Financial Statements****Year Ended March 31, 2021**

5. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2021</u>	<u>2020</u>
Balance, beginning of the year	\$ 19,572	\$ 15,038
Deferred capital contributions received	39,706	16,962
Amortization of deferred capital contributions	<u>(22,852)</u>	<u>(12,428)</u>
Balance, end of the year	<u>\$ 36,426</u>	<u>\$ 19,572</u>

6. ECONOMIC DEPENDENCE

The PCN is financially dependent on the Government of Alberta, Alberta Health for the majority of its funding through contract for services. Should this funding cease, the PCN would not be able to continue to operate without alternate sources of revenue.

7. COMMITMENTS

The PCN is committed to annual minimum lease payments under its current office premises lease expiring in June 30, 2023.

The following lease payments also include a proportionate share of operating expenses and realty taxes.

2022	\$ 150,623
2023	150,623
2024	<u>37,655</u>
	<u>\$ 338,901</u>

8. INCOME TAXES

The Organization is registered as a non-profit entity and is exempt from income taxes under Section 149 [1] of the *Income Tax Act (Canada)*.

9. FINANCIAL INSTRUMENTS

The PCN is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the PCN's risk exposure and concentration as of March 31, 2021.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The PCN is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and operating lease commitments.

The PCN mitigates this risk by monitoring cash activities and expected outflows through budgeting.

WESTVIEW PHYSICIAN COLLABORATIVE NPC

(Westview Primary Care Network)

Notes to Financial Statements

Year Ended March 31, 2021

10. RELATED PARTY TRANSACTIONS

The following is a summary of the PCN's related party transactions:

	<u>2021</u>	<u>2020</u>
Received		
Alberta Health - Operating grant	\$ 4,202,047	\$ 4,880,299
Alberta Health - Fees for service	141,182	353,549
Alberta Health - PCN NP Support Program	181,874	226,250
	<u>\$ 4,525,103</u>	<u>\$ 5,460,098</u>
Paid		
Alberta Health Services - Emergency Room Clinical Associate	\$ 88,707	\$ 85,607
Members of the Board of Directors	141,349	200,714
	<u>\$ 230,056</u>	<u>\$ 286,321</u>

The amounts paid to the Board of Directors include remuneration for Board members' attendance at meetings and committees, providing program management and leadership, remuneration for physician participation in clinical programs and centralized clinics, as well as reimbursement of out-of-pocket expenses.

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

12. UNCERTAINTY DUE TO COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused significant disruptions to businesses, governments, and other organizations resulting in an economic slow-down and increased volatility. Governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

While COVID-19 has not significantly impacted the PCN's operations or financial condition to date, the rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may have a financial impact on the PCN's activities, operations and financial condition in the future.
