

**Hamilton Family Health Team  
Financial statements**

*March 31, 2024*

# Hamilton Family Health Team Contents

March 31, 2024

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To the Members of the Hamilton Family Health Team:

## Opinion

We have audited the financial statements of the Hamilton Family Health Team (the "Organization"), which comprise the Balance Sheet - Operating and Greater Hamilton Health Network as at March 31, 2024, and the statements of revenues 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, 2024, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions established by Ontario Health as described in Note 2.

## 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 Ontario 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 Ontario 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.
- 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.

Burlington, Ontario

May 21, 2024

*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, 2024*

	2024	2023
<b>Revenue</b>		
Ontario Health (OH)		
Base funding ( <i>note 2</i> )	24,835,716	24,796,626
One-time funding ( <i>note 2</i> )	738,200	249,220
Interest	—	11,903
Compass Community Health	255,667	—
	<b>25,829,583</b>	25,057,749
<b>Expenses</b>		
Salaries and benefits ( <i>note 4</i> )	22,096,080	21,037,093
Operating	1,664,375	2,177,850
Rent	1,456,628	1,502,246
Equipment lease	108,336	107,591
Insurance	79,297	79,622
Legal and audit	144,687	153,260
Other expenses - Compass Community Health	255,667	—
	<b>25,805,070</b>	25,057,662
Excess of revenue over expenses for the year		
before funding repayable to OH	24,513	87
Funding repayable to OH		
Repayable relating to fiscal 2024	(24,513)	—
Repayable relating to fiscal 2023	—	(87)
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, 2024*

	2024	2023
<b>Revenue</b>		
Ontario Health (OH)		
Project funding ( <i>note 2</i> )	1,962,500	1,060,000
<b>Expenses</b>		
Salaries ( <i>note 4</i> )	875,298	1,008,496
Operating	1,087,202	51,994
	1,962,500	1,060,490
Deficit of revenue over expenses for the year	—	(490)
Fund balance, beginning of year	(490)	394,904
Funding reallocated to Operating fund ( <i>note 2</i> )	—	(394,904)
<b>Fund balance, end of year</b>	<b>(490)</b>	<b>(490)</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, 2024*

	2024	2023
<b>Assets</b>		
Current assets		
Cash		
Operating Fund	1,664,661	210,228
Short-term investments – Operating Fund	533,744	533,744
Accounts receivable	894,732	467,483
Prepaid expenses	206,786	206,786
	<b>3,299,923</b>	<b>1,418,241</b>
<b>Liabilities</b>		
Current liabilities		
Bank indebtedness		
Greater Hamilton Health Network Fund	490	490
Accounts payable and accrued liabilities	3,187,755	1,330,498
Due to OH ( <i>note 2</i> )	112,168	87,743
	<b>3,300,413</b>	<b>1,418,731</b>
Commitments ( <i>note 3</i> )		
<b>Fund balances</b>		
Operating Fund	—	—
Greater Hamilton Health Network	(490)	(490)
	<b>(490)</b>	<b>(490)</b>
	<b>3,299,923</b>	<b>1,418,241</b>

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, 2024*

	2024	2023
<b>Operating activities</b>		
Deficit of revenue over expenses		
Greater Hamilton Health Network	—	(490)
Changes in non-cash operating working capital items		
Account receivable	(427,249)	147,811
Prepaid expenses	—	2,437
Accounts payable and accrued liabilities	1,857,257	(124,665)
Due to OH	24,425	(251,725)
	1,454,433	(226,632)
<b>Investing activity</b>		
Increase in short-term investments	—	(7)
<b>Financing activities</b>		
Transfer of fund balance to Operating fund <i>(note 2)</i>	—	(394,904)
Net change in cash	1,454,433	(621,543)
Cash, beginning of year	209,738	831,281
<b>Cash, end of year</b>	<b>1,664,171</b>	<b>209,738</b>
<b>Comprised of</b>		
Operating Fund	1,664,661	210,228
Greater Hamilton Health Network	(490)	(490)
	<b>1,664,171</b>	<b>209,738</b>

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



# Hamilton Family Health Team

## Notes to the financial statements

For the year ended March 31, 2024

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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.

Effective October 1, 2023, contract management and oversight of HFHT has been transferred from the MOH to Ontario Health ("OH").

### 2. Summary of significant accounting policies

#### *OH guidelines*

These financial statements have been prepared in accordance with the significant accounting policies set out by the OH Family Health Team Agreement (the "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, 2024 are shown as due to OH as a current liability on the balance sheet.

#### *Provincial assistance*

Grants from OH are provided through the Agreement 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 2024 amounted to \$25,573,916 and \$1,962,500 respectively (\$25,045,846 and \$1,060,000 respectively in 2023). The Agreement with OH require that any Health Team funding not spent in accordance with the terms of the Agreement must be returned to OH unless otherwise agreed to by OH in writing. Accordingly, any related excess of revenue over expenses has been recorded as a liability at year end.

#### *Fund accounting*

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

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

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

#### *Fund accounting (continued)*

HFHT is comprised of 166 physicians (166 in 2023) who work in a variety of clinical settings.

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 OH 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 main component of the Fund is:

- (a) Funding to afford expenditures related to the administrative staff and specific targeted areas of integration across the members of GHHN;

#### *Cash*

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

#### *Revenue recognition*

OH 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 organizations. Should there be a contribution deficiency in the Plans, HFHT may be required to make additional contributions to cover these deficiencies.

#### *Use of estimates*

The preparation of financial statements in conformity with the significant accounting policies set out by the OH 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.

# Hamilton Family Health Team

## Notes to the financial statements

For the year ended March 31, 2024

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### 2. Summary of significant accounting polices (continued)

#### *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 Accounting Standards for Private Enterprises ("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 2025 to 2029. Future lease payments include the following amounts over the below range of years:

	\$
2025	1,079,257
2026	412,552
2027	348,483
2028	351,768
2029	351,768
Thereafter	99,000
	<u>2,642,828</u>

#### 4. Pension plans

HFHT and GHHN make contributions to the Healthcare of Ontario Pension Plan (the "HOOP Plan"), which is a multi-employer pension plan, on behalf of 102 (93 in 2023) 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 and GHHN on behalf of its employees amounted to \$590,893 (\$536,055 in 2023) and are included in the Statement of revenue and expenses and changes in fund balance – Operating and Statement of revenue and expenses and changes in fund balance – Greater Hamilton Health Network.

HFHT and GHHN also make contributions to the Multi-sector Pension Plan (the "MSPP Plan"), which is a multi-employer pension plan, on behalf of 53 (52 in 2023) 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 and GHHN match these contributions.

Contributions to the Plan made during the year by HFHT and GHHN on behalf of its employees amounted to \$108,414 (\$125,690 in 2022) and are included in the Statement of revenue and expenses and changes in fund balance – Operating and Statement of revenue and expenses and changes in fund balance – Greater Hamilton Health Network.

#### 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, 2024, the most significant financial liabilities are accounts payable and accrued liabilities and due to OH.