

**NANAIMO DIVISION OF
FAMILY PRACTICE SOCIETY
Financial Statements - March 31, 2026**

Independent Auditor's Report
Statement of Financial Position
Statement of Operations and Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements
Schedule 1 - Administrative Expenditures (Unaudited)



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INDEPENDENT AUDITOR'S REPORT

To the Members of the Nanaimo Division of Family Practice Society

Opinion

We have audited the financial statements of the Nanaimo Division of Family Practice Society (the "Division"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations and 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 (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Division as at March 31, 2026, and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

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 Division 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.

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 ASNPO, 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 Division'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 Division or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Division'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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Division'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 Division'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 Division 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.

Other Matters

The supplementary information contained in the accompanying schedule is presented for purposes of additional information to management and does not form part of the financial statements. The schedule has not been audited other than in the course of our audit of the financial statements to the extent necessary to allow us to render an opinion thereon.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in ASNPO have been applied on a basis consistent with the prior year.

CNB

Chartered Professional Accountants
Campbell River, BC

June 18, 2026

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Statement of Financial Position

March 31, 2026

2026

2025

ASSETS

Current Assets

Cash	\$ 786,781	\$ 1,812,123
Accounts Receivable	4,274	1,860
GST Recoverable	14,865	19,100
Deposit on Lease	<u>4,733</u>	<u>4,733</u>
	810,653	1,837,816

Tangible Capital Assets (Note 3)

<u>24,138</u>	<u>32,103</u>
\$ <u>834,791</u>	\$ <u>1,869,919</u>

LIABILITIES

Current Liabilities

Accounts Payable (Note 4)	\$ 550,280	\$ 1,450,612
Wages Payable	68,815	75,713
Government Remittances Payable	25,438	27,347
Deferred Revenue (Note 5)	132,926	252,875
Deferred Capital Contributions (Note 6)	<u>6,040</u>	<u>7,540</u>
	783,499	1,814,087

Deferred Capital Contributions (Note 6)

<u>18,098</u>	<u>22,638</u>
801,597	1,836,725

NET ASSETS

<u>33,194</u>	<u>33,194</u>
\$ <u>834,791</u>	\$ <u>1,869,919</u>

Approved on behalf of the Board of Directors:



NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Statement of Operations and Changes in Net Assets

Year Ended March 31, 2026

2026

2025

Revenue

Government Funding	\$ 2,282,786	\$ 3,225,261
Capital Grant	<u>6,040</u>	<u>7,540</u>
	<u>2,288,826</u>	<u>3,232,801</u>

Expenditures

Administrative (Schedule 1)	2,086,557	3,045,422
Conferences	5,377	14,292
Events	5,714	4,316
Office	67,244	52,748
Professional Fees	41,934	38,545
Promotion and Member Engagement	3,615	2,534
Rent	75,869	73,301
Telephone	<u>2,516</u>	<u>1,643</u>
	<u>2,288,826</u>	<u>3,232,801</u>

Excess of Revenue Over Expenditures from Operations

- -

Gain on Sale of Tangible Capital Assets

- 720

Excess of Revenue Over Expenditures

- 720

Net Assets - Beginning of Year

33,194 32,474

Net Assets - End of Year

\$ 33,194 \$ 33,194

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Statement of Cash Flows

Year Ended March 31, 2026

2026

2025

Cash Flows From Operating Activities:

Cash Received from Funding	\$ 2,638,162	\$ 3,030,701
Cash Paid to Suppliers, Funders and Employees	(3,663,504)	(3,309,251)
Interest Received	-	35,306
	<u>(1,025,342)</u>	<u>(243,244)</u>

Cash Flows From Investing Activities:

Purchase of Tangible Capital Assets	-	(2,408)
Sale of Tangible Capital Assets	-	720
	<u>-</u>	<u>(1,688)</u>

Net Increase (Decrease) in Cash

(1,025,342) (244,932)

Cash - Beginning of Year

1,812,123 2,057,055

Cash - End of Year

\$ 786,781 \$ 1,812,123

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Notes to Financial Statements

March 31, 2026

1. Organization and Purpose:

The Nanaimo Division of Family Practice Society ("the Division") was incorporated without share capital under the Societies Act (British Columbia) on November 22, 2011, and commenced operations on April 1, 2012. The Division is a not-for-profit organization within the meaning of paragraph 149(1)(l) of the Income Tax Act (Canada) and is accordingly exempt from income taxes, provided that certain requirements of the Act are met.

The Division is a community-based organization consisting of family physicians. The purpose of the Division is for member physicians to address common health care goals and improve patient care in the Nanaimo area.

2. Significant Accounting Policies:

Basis of Presentation

The financial statements of the Division have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies.

Cash

Cash consists of cash on hand and balances held with banks.

Revenue Recognition

The Division follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for the purchase of Tangible Capital Assets are deferred and recognized over the estimated life of the Tangible Capital Asset. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest revenue earned on unrestricted funds is recognized when earned on the respective investment or balance unless it relates to specific funding agreements in which case it is deferred and recognized as the related funded expenses are incurred.

Tangible Capital Assets

Tangible capital assets are recorded at cost. Contributed equipment is recorded at fair market value at the date of contribution if fair value can be reasonably determined.

Amortization is recognized as an Administrative expense, under PCN Planning, using the following methods and rates:

Office Equipment	20%	declining balance
Leasehold Improvements	5 yr	straight-line

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Notes to Financial Statements

March 31, 2026

2. Significant Accounting Policies (continued):

Measurement Uncertainty

The preparation of financial statements in conformity with ASNPO 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 revenue and expenses during the reporting period.

Areas of measurement uncertainty include accounts receivable and useful life of tangible capital assets. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where and if considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations and changes in net assets in the periods in which they become known.

Financial Instruments

The Division recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount.

At initial recognition, the Division may irrevocably elect to subsequently measure any financial instruments at fair value. The Division has not made such an election during the year. All financial assets and liabilities are subsequently measured at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable, wages payable and government remittances payable.

3. Tangible Capital Assets:

	<u>2026</u>		<u>2025</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office Equipment	\$ 2,408	\$ 2,408	\$ 2,408	\$ 482
Leasehold Improvements	<u>68,328</u>	<u>44,190</u>	<u>68,328</u>	<u>38,151</u>
	<u>\$ 70,736</u>	<u>\$ 46,598</u>	<u>\$ 70,736</u>	<u>\$ 38,633</u>
	<u>\$ 24,138</u>		<u>\$ 32,103</u>	

Included in the Statement of Operations under Expenditures in the financial statement line item Administrative is \$7,965 (2025 - \$8,022) of amortization.

4. Accounts Payable:

Included in accounts payable is \$1,967 (2025 - \$15,823) due to directors of the Division. These liabilities arose from transactions in the Division's normal course of operations. Included in accounts payable is \$294,369 (2025 - \$928,465) payable to Doctors of BC and \$171,170 (2025 - \$309,377) payable to Ministry of Health.

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Notes to Financial Statements

March 31, 2026

5. Deferred Revenue:

Deferred revenue represents unspent amounts which have been externally restricted for the delivery of specified programs. Changes in the balances during the year are as follows:

	Deferred Revenue March 31, 2025	Funding Received (Repaid)	Revenue and Fund Transfers Recognized	Payable or Repaid to DoBC/MoH	Deferred Revenue March 31, 2026
Infrastructure	\$ 25,000	\$ 913,456	\$ 900,864	\$ 12,592	\$ 25,000
Interest Income	56,821	-	-	-	56,821
PCN Physician Engagement	-	270,517	249,553	20,964	-
Health Emergency Management	100,076	-	94,537	-	5,539
Social Prescribing	61,243	(43,580)	17,663	-	-
NRGH Inpatient Care Solutions	-	205,920	17,265	188,655	-
Patient Attachment Mechanism	-	100,000	97,041	2,959	-
PCN Ministry of Health	-	640,467	469,297	171,170	-
Grant - CCCU	2,000	-	1,642	-	358
SP Grant - Island Health	2,489	-	2,489	-	-
SP Grant - City of Nanaimo	5,246	-	4,876	-	370
Cultural Humility & Safety	-	10,000	5,374	4,626	-
LTCI - QI/Admin	-	119,417	76,048	18,369	25,000
LTCI - ED Transfer	-	24,037	14,011	10,026	-
LTCI - On Call Availability	-	205,840	205,549	291	-
PCN Refresh	-	155,000	119,113	35,887	-
Community Awards	-	7,750	-	-	7,750
Shared Care - Sustainability	-	19,552	7,464	-	12,088
	<u>\$ 252,875</u>	<u>\$ 2,628,376</u>	<u>\$ 2,282,786</u>	<u>\$ 465,539</u>	<u>\$ 132,926</u>

6. Deferred Capital Contributions:

Unamortized deferred capital revenue represents the portion of externally restricted contributions used to acquire tangible capital assets that will be recognized as revenue in future periods over the estimated remaining useful life of the assets. The amount expected to be amortized in the subsequent fiscal year is recorded as a current liability of the Division.

	Deferred Revenue March 31, 2025	Tangible Capital Assets Acquired	Revenue Recognized	Deferred Revenue March 31, 2026
PCN Planning - Leaseholds	<u>\$ 30,178</u>	<u>\$ -</u>	<u>\$ 6,040</u>	<u>\$ 24,138</u>

7. Economic Dependence:

The Division is dependent on Doctors of BC (also known as the British Columbia Medical Association or "DoBC") with respect to revenue. Funding is generally determined on an annual basis.

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Notes to Financial Statements

March 31, 2026

8. Financial Instruments:

The Division may be exposed to various risks through its financial instruments. The following analysis presents the Division's exposure to its significant risks at the reporting date, March 31, 2026:

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Accounts payable and accrued liabilities are generally repaid within 30 days and the Division has ample cash to fund its obligations.

The Division believes that it is not exposed to significant interest-rate, market, credit, or cash flow risk arising from its financial instruments.

9. Director, Contractor and Employee Remuneration:

Directors are compensated for time spent on Division activities including meeting and committee involvement. Directors are also compensated as other members of the Society are for work they perform for or on behalf of the Society. Total remuneration for Directors during the year was \$222,732 (2025 - \$294,034), which is inclusive of fees paid to them for their role as physicians outside of their Board activities, similar to other physicians within the Division. The Division paid four employees (2025 - three) over \$75,000 during the year. Total remuneration to employees and contractors paid over \$75,000 during the year was \$435,794 (2025 - \$374,424).

10. Commitments:

The Division is committed to rental payments for office premises, inclusive of common area costs. The office premises lease expires March 31, 2027.

2027	\$ 63,951
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The Division is also committed to rental payments for copier equipment as described below. The copier lease expires May 15, 2027 and the Division has assessed it as an operating lease.

2027	\$ 2,124
2028	354

NANAIMO DIVISION OF FAMILY PRACTICE SOCIETY

Schedule 1 - Administrative Expenditures (Unaudited)

Year Ended March 31, 2026

2026

2025

Expenditures

Executive Director	\$ 138,429	\$ 158,277
Division Administration	270,584	232,868
Board	<u>105,238</u>	<u>208,682</u>
	<u>514,251</u>	<u>599,827</u>

Working Groups

Long Term Care Initiative	295,608	311,127
Recruitment and Retention	71,005	110,699
Cultural Safety and Humility	5,374	-
Social Prescribing	108,721	191,913
NRGH Inpatient Service	17,265	535,929
Continuing Medical Education Working Group	36,744	42,109
Pathway Project	3,333	14,918
Shared Care - Sustainability	7,464	-
PCN Physician Change Management	341,665	504,856
Emergency Response	94,537	19,924
Patient Attachment Mechanism	162,829	51,327
PCN Planning	<u>422,212</u>	<u>659,252</u>
	<u>1,566,757</u>	<u>2,442,054</u>

Committee

Collaborative Services Committee	<u>5,549</u>	<u>3,541</u>
	<u>\$ 2,086,557</u>	<u>\$ 3,045,422</u>