Building Healthy Relationships

2017 | ANNUAL REPORT

Primary Care Network
EDMONTON SOUTHSIDE


Group Guidelines

VISION

The trusted cornerstone
of a healthy community.

MISSION

To provide team-based primary
care and work with
our community to achieve
the best health for all.

2017 Annual Report
Building Healthy Relationships

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What is…

WHAT IS A PCN?

Primary Care Networks bring together family doctors and a team of healthcare professionals in partnership with Alberta Health Services to provide comprehensive, collaborative patient care. These multidisciplinary teams work together to provide the best primary care for all patients, with a special focus on those dealing with complex and chronic health issues. Nurses and nurse practitioners, respiratory therapists, dietitians, social workers and exercise specialists are some of the health team members working together in this uniquely Albertan approach to improving health access and coordination of care.

WHAT IS THE EDMONTON SOUTHSIDE PCN?

Edmonton Southside Primary Care Network (PCN) connects our broad team of healthcare providers to the patients that need them most, through the family doctors who care for them. Our multidisciplinary team is an important resource for family doctors, who can draw on the skill and compassion of our more than 150 PCN staff to support their patients with enhanced primary care at clinics and in the community. With over 267 family doctors at 90 member clinics, Edmonton Southside PCN builds relationships to improve patient quality of life.

WHAT IS A MEDICAL HOME?

A healthy relationship between a patient and their family doctor can be part of the prescription for better health outcomes. Part of that relationship is the comfort people feel in a patient-centred family practice. Edmonton Southside PCN wants to make that relationship even stronger with the concept of the Medical Home – a family practice that provides patient-centred care for every stage of life, and offers valuable links to broader health services when needed. It's a new vision that includes a shared commitment and a responsibility between the patient and the practice to provide comprehensive continuity of care. We're committed to this ongoing transformation to true team-based care.

2014 - 2017 Business Plan

Alberta's first primary care network, Edmonton Southside PCN completed its fourth three-year operating cycle as of March 31, 2017. This plan was built around the four strategic directions, as seen on the following page. During this time, we operated well within our available resources to provide evidence-based primary care to fellow Albertans.

The numbers over the past three years show steady growth. Providing optimum care during continued growth required strategic management and commitment from all staff and family doctors. Throughout, the PCN remained focused on the well-being of the patient within the context of their family and community. Increasing access to the right care at the right time, promoting health and disease prevention, and coordinating services to provide comprehensive care: these are objectives that can't be easily measured but which remain at the centre of what the PCN works to achieve. Our team works together to accomplish organizational goals to assist individuals to reach their personal goals. Enhancing the patient's well-being is the fundamental role of primary care.

HIGHLIGHTS 2014 - 2017

A successful move to a new location – more room means better access to broader patient supports.

Won the AON Hewitt award for Best Small and Medium Employers in Canada three times - including Platinum status in 2016.

Expanded patient programming:

- Moving for Memory
- Changeways for the Older Adult
- Seniors' Centre Without Walls
- and many more

Stronger ties to community:

- Sharing facility space
- Forming a community council
- Linking patients to community-based services

TOTAL PHYSICIANS

43 more than in 2014/15

TOTAL PATIENT POPULATION

Estimated enrollees by March 2017

Actual

EVERYTHING EDMONTON SOUTHSIDE PCN DOES IS GUIDED BY FOUR STRATEGIC DIRECTIONS

1. BEST PRIMARY CARE

Our goal has always been delivering quality care through a multidisciplinary team. Best Primary Care and Strong Teams reinforce this goal and challenge us to continue keeping 'primary care' at the heart of the PCN.

3. COMMITTED PATIENTS

Edmonton Southside PCN delivers care directly to patients at clinics and in the community while striving to engage patients in responsible self-management. Committed Patients and Engaged Community represent new expectations and efforts on these fronts, and remind us to build on the 'network' in the Primary Care Network.

2. STRONG TEAMS

4. ENGAGED COMMUNITY

David Cox, BSc, PhD

Sean DeWitt
Alberta Health Services

Mark Antoniuk, BMSc, MD

Ron Shute, MD, CCFP

Allison Theman, MD, CCFP

Message from the Board of Directors and Executive Director

Change is the only constant. This proverb feels like a good fit to summarize the 2016-2017 fiscal year for Edmonton Southside Primary Care Network (PCN).

It was another year of growth and evolution on our journey to provide the best in primary care. The challenge is maintaining a consistent identity while delivering a standard but evolving set of services in an environment of constant change.

We choose to embrace change as part of our culture, and do our best to adapt and innovate to meet the needs of our community. The diversity of the population served by our primary care teams reminds us to be flexible while staying true to our vision of the PCN as the cornerstone of a healthy community.

Irene Colliton, MD

Alex McPherson, MD, PhD, ICD.D

Denise Campbell-Scherer, MD, PhD, CCFP, FCFP

Michael Yan, MD, CCFP

Mark Armstrong, MD, FCFP

Not pictured: Richard Hanelt, MD, CCFP (COE); Brian McPeak, MD, CCFP; Helen Cuddihy, MD, CCFP, FCFP, FRACGP; Stephanie Donaldson, M.A. (SLP), Alberta Health Services.

Primary care is all about relationships – relationships between providers and their patients, and relationships between the providers who share in the responsibility for care. Our team grew again this year, with membership increasing 14.1%, from 234 doctors in 74 clinics to 267 doctors in 90 clinics. The population served by these family doctors increased 15.6%, from 268,929 to 310,955 Albertans. The PCN team supported 49,555 of these individuals, an increase of 12.6% from the 39,139 in the previous year. The PCN hired 31 new employees during the year to keep pace with this growth.

The PCN's core business is support for the development of medical homes, and building on this concept was a focus this year. While we have been supporting this patient-centred model of care delivery since 2005, each year has seen more clarity in the medical home philosophy.

A medical home starts with the relationship between a patient and a family doctor, but it takes a team working collaboratively and coordinating care to truly build one. By the end of the fiscal year, 74 of 90 clinics (82%) had at least one multidisciplinary team member on-site. An example of change saw the healthy aging nurses shifted from being a centralized resource dependent on referrals of complex and frail seniors, to integrated members at clinics with large seniors' populations. This change resulted in a 44% increase in patients from the prior year with no change in team size.

Another indicator of the progress toward the patient-centred medical home has been the increasing number of PCN clinics developing patient panels and introducing process improvements to their practices. 42% of clinics had some panel processes in place and 40% of

clinics were actively participating in patient access and/or health screening improvements.

Coordination of care and assistance with medical care outside the practice is part of the medical home too. Nurses at 23 member clinics are proactively identifying and connecting with patients discharged from hospital to assist with their transition home. In addition to complementing the individual care received at each clinic from family doctors and the team, the PCN offers numerous group classes and workshops.

The PCN has a high-risk foot protection team that includes a family doctor and nurse practitioner in a partnership with an AHS occupational therapist. Additionally, AHS has use of the PCN's facility for Weight Wise and Chronic Disease Management programs. The PCN facility also is widely used by several community groups that support healthy, active lifestyles, including the Mennonite Centre for Newcomers, Starfish Family Resources and Southwest Edmonton Seniors Association. The PCN is increasing its emphasis on external agencies and services and participating through grants and in research projects that extend the reach of family medicine.

Change in policy this year required that all PCN surpluses be returned and Alberta Health reduced the PCN's grant payments by $4.05 million, an amount equivalent to the PCN's accumulated surplus from operating below budget since inception. The PCN successfully managed through this shift, which highlighted the PCN's effective financial controls and reinforced the need to be a strong steward of public funds.

Primary care includes just about everyone, and almost all of their health needs. This means that every patient who enters a member doctor's clinic is potentially a patient for someone on the PCN's team. And importantly, no one is discharged from primary care. PCN staff see the young and the old, the ill and the unwell, and the acute and the chronic. Our team often must consider external social determinants, such as transportation, caregiver support or financial resources. They also play an important role in navigation, connecting patients to community-based services offered by AHS or directing them to a PCN workshop.

The PCN strives to demonstrate excellent return on investment to the health system by building and maintaining relationships that benefit those we serve. One of the biggest challenges for primary care is measuring success. This report endeavours to illustrate all of the above through three important patient stories that capture the diversity of the PCN population and reflect the importance of an individual's connection with their family doctor, and the extended support of a multidisciplinary team in a medical home. These stories also emphasize the personal commitment each person makes in their health journey, and the important role of family and community.

We hope the reader connects these stories of personal strength supported by compassionate care with the nearly 50,000 patients supported by the PCN team in 2016/17 and the nearly 125,000 patients seen over the previous three years. We think they're excellent examples of how building healthy relationships benefits patients and helps us in our goal to deliver the best primary care.

Irene Colliton, MD
Board Co-Chair

Denise Campbell-Scherer, MD, PhD, CCFP, FCFP
Board Co-Chair

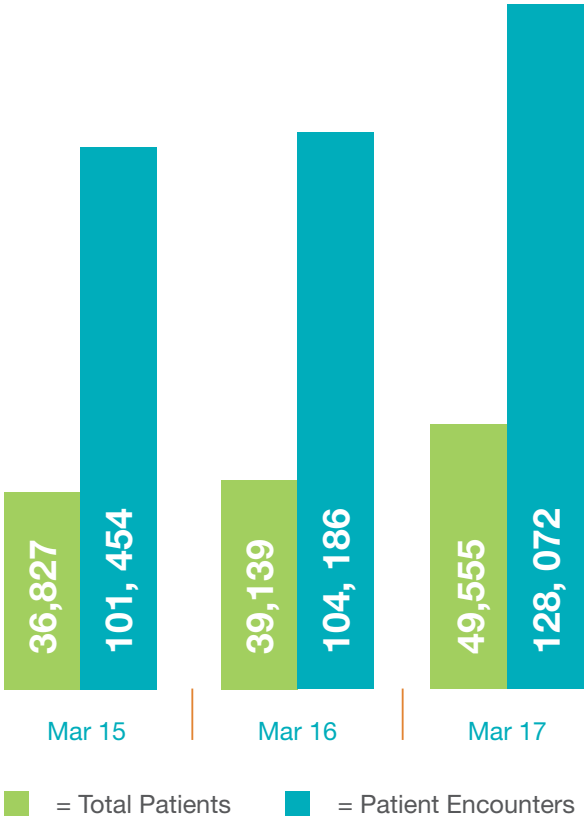
Doug Craig
Executive Director

% OF CLINICS WITH INTEGRATED MULTIDISCIPLINARY TEAM

74/90

TOTAL PATIENTS

This is total unique patients seen by PCN team members each year

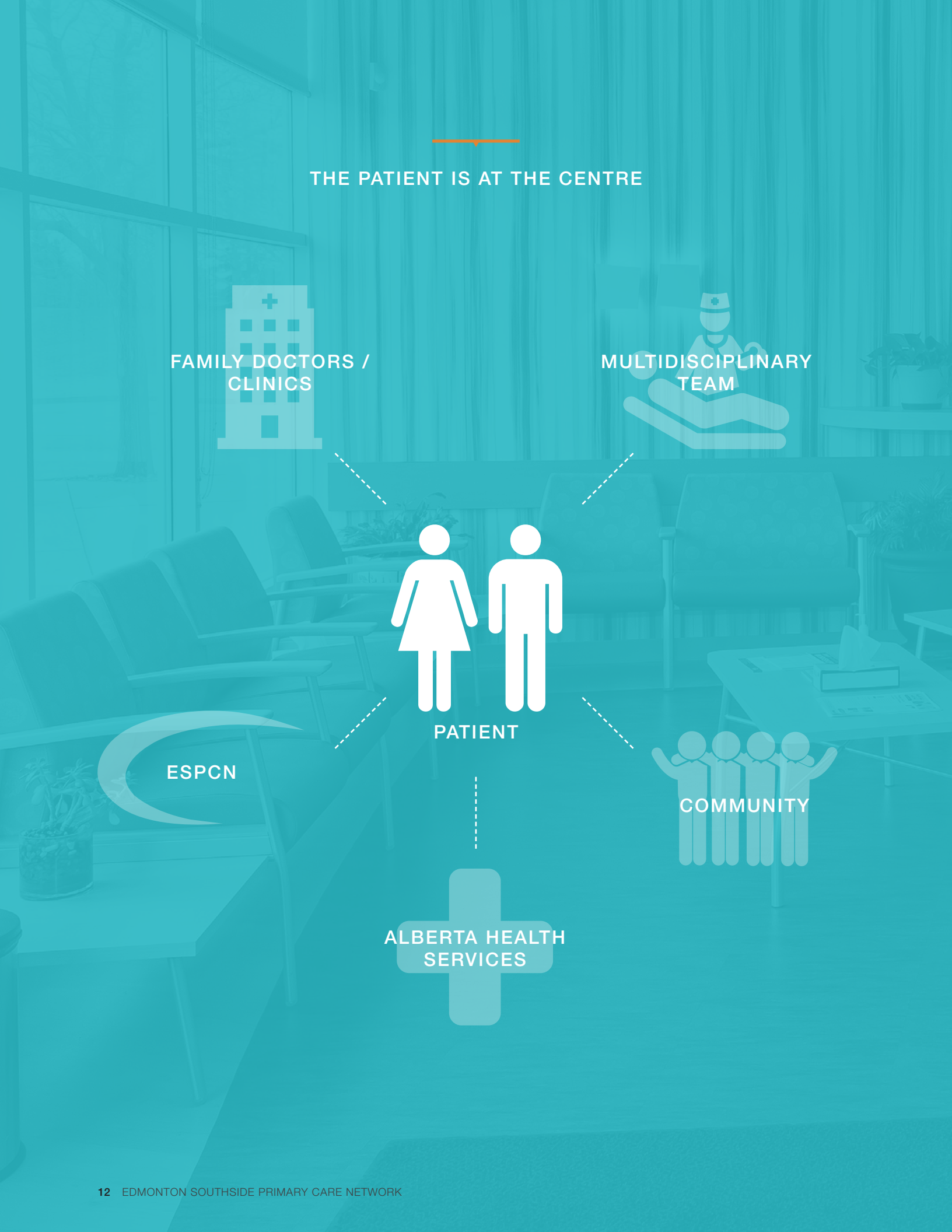


Over 1,200 people participated in these classes in 2016/17, an increase of 40% from the prior year.

Range of group workshop programming includes:

- **Breathing for Health**
- **Walking Group**
- **Changeways: Strategies for Personal Change**
- **Changeways for the Older Adult**
- **Grocery Shopping Tours**
- **Managing Emotions**
- **Meal Planning**
- **Moving for Health**
- **Moving for Memory**
- **Open Gym**
- **Personal Directives/ Enduring Power of Attorney**
- **QuitCore**
- **Relaxation**
- **Teens/ Ped Anxiety Group**
- **Weight Management Program**
- **Seniors' Centre Without Walls**
- **Group Prenatal Classes**
- **How to… Fitness Series**

THE PATIENT IS AT THE CENTRE



> “Numbers can tell only part of the story. In this report, we turned to our patients – the heart of the PCN – to tell their stories, and the role the Primary Care Network has played in each health journey.”

Rebuilding Health

Finding Support to Heal

Committed to Change

Building Healthy Relationships

As we approach our 2017 year-end at Edmonton Southside PCN, the question arises: how to measure the work we do here? Accountability to patients, member clinics and doctors, our allied health team, and the health system overall is imperative to the PCN. Numbers tell part of the story – 16 new member clinics, 33 more family doctors onboard, over 23,000 more patient encounters in the past year – and since our mission is to provide team-based primary care and work with our community to achieve good health for all, we know our goal is closer to being achieved. Details of our growth as we evolve this unique delivery of care can be found in the pages that follow.

How, though, do we measure the many less tangible differences that we know we make every day? Our patients tell us that their lives have been changed for the better through their relationships with their family doctors and PCN staff. Our multi-disciplinary team sees first-hand the improvements that committed patients are making to their health, in clinics and out in the community. Our member family doctors report value in the connections and resources they access as part of the PCN. We are confident that we play a crucial and beneficial role in Alberta’s health system.

Numbers can tell only part of the story. In this report, we turned to our patients – the heart of the PCN – to tell their stories, and the role the Primary Care Network has played in each health journey. Their perseverance and successes are the true reflection of the value of the collaborative and committed teams that make up the Edmonton Southside PCN.

Rebuilding Health

> "I think the PCN's a very good thing. Very good."
>
> CELIA BARTZEN

CELIA BARTZEN

A committed patient is empowered to restore her health after personal loss.

In January 2017, Celia Bartzen connected with the PCN following the loss of her husband of 37 years. The physical and emotional strain of his passing after three years as his primary caregiver had left her exhausted, significantly underweight, and battling health issues.

Her longtime physician, Dr. Allison Theman of the Grandview Heights Medical Clinic, referred her to the PCN's team to help her develop a plan to restore her health. "We have a good relationship…always have had," says Celia of her more than thirty-year connection with Dr. Theman.

"I am lucky enough to have the tools provided by the PCN to be able to help Celia effectively beyond our appointments," says Dr. Theman.

Celia was connected with several PCN team members including a healthy aging nurse, exercise specialist, behavioural health consultant, and dietitian.

"She's doing such a fabulous job working on her diet and health," says dietitian Lalitha Taylor of Celia's progress.

Mary Whale was Celia's nursing support, giving her important advice on medications, and performing a home visit. "Celia was open to collaborating with a solution-focused team based in her trusted medical home," recalls Mary.

To regain strength and endurance, Celia is taking advantage of the PCN's *Moving for Health* program. She was also connected with the Southwest Edmonton Seniors Association to foster greater community relationships.

> "We try to facilitate results that are meaningful, and effective to maintain a person's quality of life."
>
> LALITHA TAYLOR,
> REGISTERED DIETITIAN

Lalitha, when asked about the most satisfying part of working at the PCN with clients like Celia, says "I think it is how we look at an individual as a whole, and try to achieve harmony within all the facets of their health. We try to facilitate results that are meaningful, and effective to maintain or improve a person's quality of life."

Celia says she intends to take the network's *Relaxation* workshop to help her manage stress and sleep better. She credits the PCN with helping her build strength to cope with her loss, and help her to continue to age in place, but not alone.

PATIENT ENCOUNTERS

17,169 encounters with behavioural health consultants (BHC)

of clinics have a BHC

10,122 encounters with the Healthy Aging team

of clinics have Healthy Aging team members

Finding Support to Heal

BEVERLY BEARHAM

A patient finds a medical home to support her commitment to overcoming complex challenges.

"I would not be here if not for the people of the PCN."

For the first time, Bev Bearham is looking ahead and setting goals. She gives credit for her new hopefulness to the staff of the Edmonton Southside PCN, but much of the responsibility for this change in Bev's outlook is due to her courage and commitment to improving her quality of life.

A survivor of childhood sexual assault and abuse, Bev's diagnoses include depression, chronic fatigue syndrome, seasonal affective disorder, chronic pain and post-traumatic stress disorder. Finding a way to cope with these complex barriers to health hasn't been easy. One of Bev's first allies on her path to healing was Judy Warren, primary care nurse at Justik Medical Clinic.

Judy has been a part of Bev's health journey since 2006. When they first met, Bev was in a deep depression and struggled with suicidal ideation. She and Judy connected

> "They treat me as a whole person."
>
> BEV BEARHAM

as often as every week, building trust to allow Bev to move forward.

"I have nothing but admiration for her," says Judy. "The push she has towards health and wellness is amazing. We've learned from each other."

Judy helped connect Bev to PCN team members like family doctor Shelley Smith and dietitian Melanie Jaques. Bev also reached out to the Canadian Mental Health Association's Distress Line and a pastoral counsellor at the Community Counselling Centre. In the fall of 2016, Bev signed up for the PCN's *Moving for Health* workshop, where she found more support from exercise specialists Rhiannon Jacek, Stephanie Schlaak, and Lisa Workman, as well as nurse Kate Masters.

"She flourished in the program," says Rhiannon, recalling how Bev overcame her apprehension and not only completed the 8-week program, but has continued in the weekly *Open Gym* sessions. "She's built the confidence to ask for help if she needs it."

"They treat me as a whole person," says Bev, citing the respectful treatment she's received from the PCN team.

It can be hard to measure progress in patients with chronic physical and mental conditions. For Bev, milestones on her journey include overcoming two years of agoraphobia that confined her to her home and progress in weight loss aided by realistic advice and support from PCN staff.

"I never used to set goals," says Bev. Today, she's hoping to walk in an upcoming Terry Fox Run. With the care of the PCN's strong team, Bev is finding hope to look ahead.

PATIENT ENCOUNTERS

54,698 mental health-related encounters

of total patient encounters

9,924 encounters with dietitians

of clinics have a dietitian

Committed to Change

> "We started to be a team."
>
> SCOTT TRIBE

SCOTT TRIBE

A motivated patient connects with the PCN team to find the resources and support he needs.

When Scott Tribe's doctor told him he had one more chance to control his diabetes without insulin, Scott knew he had to make some changes. He had worked hard to control the disease in the past, but found it difficult to maintain his good intentions. Today, with the support and resources of the PCN, Scott believes he can continue the lifestyle changes he's made and build on his newfound success.

Scott's relationship with his long-time family doctor, Brian McPeak, was the first piece in improving Scott's health. "He believed in me," says Scott, recalling Dr. McPeak's decision to work with Scott to get his diabetes under control without insulin. A PCN physician, the doctor introduced Scott to primary care nurses Janelle Bart and Trina De Luca, who provided support, education and reinforcement.

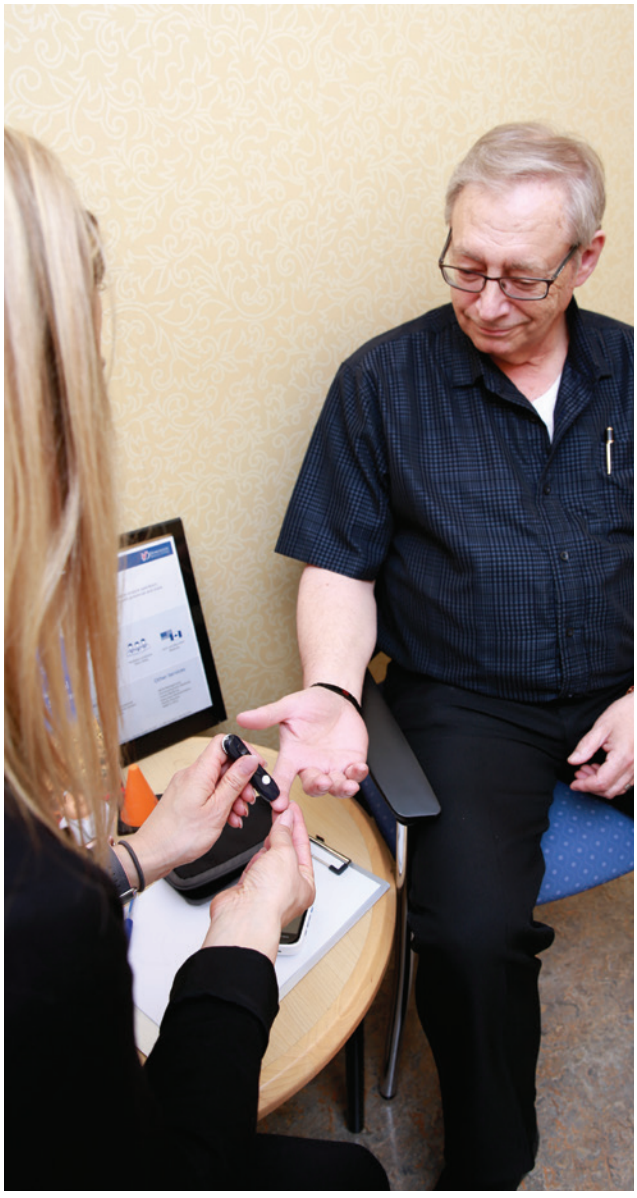
"We started to be a team," says Scott.

Scott also met with registered dietitian Danielle Neumann, and along with his wife, attended a PCN-led *grocery shopping tour* and *meal-planning class*. "To be successful, you need a certain degree of readiness. He's very receptive to the goals we're setting," Danielle notes.

As part of their support, the nurses reminded Scott about the importance of getting active. Newly retired, Scott is now taking twice-weekly aquacize classes and getting out on bike rides with his granddaughter. Weight loss has been a pleasant side-effect of his healthier choices.

"We actually started reducing his diabetes medication, which rarely happens," says Janelle Bart, RN. She points out that the fundamentals of diabetes management are exercise and eating well, and says Scott was ready to take responsibility for making the changes he needed.

"I feel great," says Scott, noting he is not as tired and more in tune with his health. His family is equally positive. Scott is committed to continuing to educate himself and manage his blood sugar and weight. "It's a lifestyle change, just like retirement" he says, and newly supported by the team and resources of the PCN, he's committed to figuring it out.



PATIENT ENCOUNTERS

15,884 encounters were diabetes related (12%)

of clinics have a primary care nurse

TEAM-BASED CARE

of clinics have 2 or more team members

TOTAL ENCOUNTERS BY MULTIDISCIPLINARY PCN TEAM MEMBERS

	2014/15	2015/16	2016/17
Behavioural Health Consultant	12,050	13,756	17,169
Dietitian	7,988	8,494	9,924
Exercise Specialist	2,651	3,087	5,411
Healthy Aging	8,113	8,435	10,122
Nurse Practitioner	6,976	7,125	8,995
Primary Care Nurse	62,194	61,397	74,192
Psychiatrist	595	628	512
Respiratory Therapist	887	1,264	1,747
	101,454	**104,186**	**128,072**

TOP 10 PATIENT ENCOUNTER TYPES 2016/17

Encounter Type	# of encounters
1. Episodic	20,205
2. Diabetes	15,884
3. Mood Disorder	11,994
4. Nutrition	11,866
5. Medication Review	11,254
6. Counselling	11,093
7. Anxiety Disorder	10,668
8. Hypertension	10,613
9. Exercise	9,155
10. Weight Management	8,980

Face-to-face with Family Doctors

The story of the PCN's growth wouldn't be complete without acknowledging the role of the family doctors. PCN member doctors covered a population of 310,955 people. This is a 16% increase over the previous year. As members of our strong team, these doctors pass the benefit of our multidisciplinary team on to their patients. Those individuals with complex or chronic conditions are the focus of the PCN, as they go on to build healthy relationships at the medical home and with their primary care team on their path to better quality of life.

BETTER SCREENING TO IMPROVE QUALITY CARE

Health screening and preventative care are another area of improvement for our primary care team. Benefits include:

- Standardizing screening and prevention care;
- Improving rates of screening and early detection of significant health issues; and,
- Harmonizing messages received from healthcare providers across the health system.

Approximately 70 physicians are actively participating in health screening work, including the Alberta Screening and Prevention Initiative (ASaP), a provincial program to engage primary care teams in screening and preventative improvement work.

By focusing on improving systematic health screening, we ensure patients receive the right health screening for their age and gender. Examples of screening include mammography for women ages 50-74, and diabetes screening for those over 40 years. This improved health screening provides useful opportunities to identify emerging and ongoing patient needs.

COMMUNITY COUNCIL

Our 12-member Community Council continued their important work of representing the patient perspective. Their attention this past year was on maintaining community links and assessing network connections between allied health care and community agencies, and further determining how to optimize these relationships. Another focus was on obtaining feedback from new and proposed community programming. The council also began exploring the need to concentrate on children and youth health in addition to healthy aging.

ESPCN SCREENING RATE GROWTH*

as of March 31, 2017

*64 physicians participating in ASaP

CLINICAL QUALITY IMPROVEMENT

25 in 2015
41 in 2016
91 in 2017

Physicians participating in health screening.
Improvement work as of March 31.


“A medical home starts with the relationship between a patient and a family doctor, but it takes a team working collaboratively and coordinating care to truly build one.”

Independent Auditors' Report

To the Members of
1157178 Alberta Ltd. [operating as Edmonton Southside Primary Care Network]

We have audited the accompanying financial statements of **1157178 Alberta Ltd. [operating as Edmonton Southside Primary Care Network]**, which comprise the statement of financial position as at March 31, 2017 and the statement of operations and changes in net assets, and statement of cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of **1157178 Alberta Ltd. [operating as Edmonton Southside Primary Care Network]** as at March 31, 2017 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.

Ernst & Young LLP

Chartered Professional Accountants

Edmonton, Canada
May 17, 2017

Statement of Financial Position

As at March 31

	2017 $	2016 $
		[restated – note 3]
Assets		
Current		
Cash	**1,210,857**	5,383,317
Accounts receivable	**56,742**	106,204
Prepaid expenses	**189,916**	176,511
Total current assets	**1,457,515**	5,666,032
Capital assets *[note 4]*	**1,706,808**	2,037,386
	3,164,323	7,703,418
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities *[note 5]*	**1,402,068**	1,407,064
Deferred revenue *[note 6]*	**55,447**	4,258,968
	1,457,515	5,666,032
Deferred capital contributions *[note 7]*	**1,706,808**	2,037,386
	3,164,323	7,703,418
Commitments *[note 8]*		
Net assets	—	—
	3,164,323	7,703,418

See accompanying notes

On behalf of the Board:

Director

Director

Statement of Operations and Changes in Net Assets

Year ended March 31

	2017 $	2016 $
		[restated – note 3]
Revenue		
Alberta Health operating grant	**17,698,282**	14,957,547
Amortization of deferred capital contributions	**413,157**	380,384
Other grants	**84,036**	—
Other revenue	**—**	6,210
	18,195,475	15,344,141
Expenses		
Advertising	**132,070**	182,613
Allowance for goods and services tax receivable	**18,559**	41,440
Contract services	**115,277**	72,433
Dues and subscriptions	**80,877**	12,596
Small equipment purchases	**51,887**	18,201
Evaluation costs	**83,192**	77,007
Insurance	**22,924**	22,924
Information technology	**132,370**	88,282
Bank charges and fees	**24,565**	21,014
Management consulting fees	**1,950**	7,060
Office and supplies	**56,146**	41,673
Payments to physicians [*note 9*]	**3,848,988**	3,379,412
Professional development	**52,347**	41,959
Professional fees	**29,982**	42,763
Rent	**468,945**	334,441
Repairs and maintenance	**8,158**	4,193
Surplus reduction plan	**26,689**	29,482
Telephone and communications	**92,058**	68,834
Travel	**29,772**	26,500
Wages and benefits [*note 10*]		
Administration	**2,601,102**	2,244,335
Health professionals	**9,904,460**	8,206,595
	17,782,318	14,963,757
Excess of revenue over expenses before other items	**413,157**	380,384
Amortization of capital assets	**(413,157)**	(380,384)
Excess of revenue over expenses for the year and net assets, end of the year	**—**	—

See accompanying notes

Statement of Cash Flows

Year ended March 31

	2017 $	2016 $
		[restated – note 3]
Operating activities		
Excess of revenue over expenses for the year	**—**	—
Add items not requiring a current outlay of cash		
Amortization of capital assets	**413,157**	380,384
Amortization of deferred capital contributions	**(413,157)**	(380,384)
	—	—
Changes in non-cash working capital account balances related to operations		
Decrease (increase) in accounts receivable	**49,462**	(46,558)
Increase in prepaid expenses	**(13,405)**	(75,728)
Increase (decrease) in accounts payable and accrued liabilities	**(4,996)**	259,018
Decrease in deferred revenue	**(4,203,521)**	(3,182,495)
Cash used in operating activities	**(4,172,460)**	(3,045,763)
Investing activities		
Purchases of capital assets	**(82,579)**	(1,683,161)
Cash used in investing activities	**(82,579)**	(1,683,161)
Financing activities		
Contributions received for purchase of capital assets	**82,579**	1,683,161
Cash provided by financing activities	**82,579**	1,683,161
Net decrease in cash during the year	**(4,172,460)**	(3,045,763)
Cash, beginning of the year	**5,383,317**	8,429,080
Cash, end of the year	**1,210,857**	5,383,317

See accompanying notes

Notes to Financial Statements

March 31, 2017

1. Nature of operations

1157178 Alberta Ltd. [operating as Edmonton Southside Primary Care Network] [the "Organization"] was incorporated on March 8, 2005 in Alberta and began operations on May 1, 2005. The Organization was established to implement a local primary care initiative with Alberta Health Services in accordance with the terms of agreement between Alberta Health, Alberta Medical Association and Alberta Health Services for the purpose of:

[i] increasing the proportion of Alberta residents with ready access to primary health care;

[ii] providing coordinated 24 hour, 7 day per week management of access to appropriate primary health care services;

[iii] increasing the emphasis on health promotion, disease and injury prevention, care of medically complex patients and care of patients with chronic disease;

[iv] improving coordination and integration with other health care services including secondary, tertiary and long-term care through specialty care linkages to primary health care; and

[v] facilitating the greater use of multidisciplinary teams to provide comprehensive primary health care.

The Organization currently derives the majority of its funding revenue from Alberta Health.

The Organization is registered as a not-for-profit organization and is exempt from income taxes under paragraph 149[1][l] of the *Income Tax Act* (Canada).

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Part III of the Chartered Professional Accountants of Canada Handbook – Accounting Standards for Not-for-profit Organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Revenue recognition

The Organization uses the deferral method of accounting for contributions, which includes grants and donations. 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. This 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 in which the related 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.

Notes to Financial Statements

March 31, 2017

Contributed services

Volunteers contribute in the carrying out of the activities of the Organization. Due to the difficulty in determining fair value, contributed services by volunteers are not recognized in the financial statements.

Cash

Cash consists of cash on deposit with a short term to maturity of approximately three months or less from the date of purchase.

Financial instruments

Investments are recorded at fair value. Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair values and are subsequently measured at amortized cost, net of any provisions for impairment.

Capital assets

Purchased capital assets are recorded at acquisition cost. Amortization is provided annually at rates calculated to write off the assets over their estimated useful lives as follows:

Tangible

Leasehold improvements	Straight-line over the term of the lease
Office equipment	20% diminishing balance
Clinic equipment	20% diminishing balance
Computer equipment	30% - 100% diminishing balance
Clinic renovations	Straight-line over five years

Intangible

Computer software	100% diminishing balance

Employee future benefits

The Organization maintains a group registered retirement savings plan [“RRSP”] under which amounts are contributed to eligible employees’ accounts and contributes to employees’ tax-free savings accounts [“TFSA”]. The expense for this plan and savings accounts is equal to the Organization’s required contributions for the year.

Notes to Financial Statements

March 31, 2017

3. Change in accounting policy

During the year, the Organization was directed by Alberta Health to recognize grant funding as restricted funding. This policy replaces the previous policy whereby Alberta Health grant funding was unrestricted. The Organization has adopted this change in policy on a retrospective basis.

The impact of adopting the new policy on the Organization's financial statements as at and for the year ended March 31, 2017 is as follows:

	Previous accounting policy	Impact of the change in accounting policy	New accounting policy
	$	$	$
Net assets at April 1, 2016	6,296,354	(6,296,354)	—
Cash	(1,189,857)	2,400,000	1,210,857
Restricted cash	2,400,000	(2,400,000)	—
Deferred revenue	67,044	(11,597)	55,447
Deferred capital contributions	—	1,706,808	1,706,808
Net assets at March 31, 2017	1,695,211	(1,695,211)	—
Revenue – Alberta Health operating grants	13,438,414	4,259,868	17,698,282
Revenue – Amortization of deferred capital contributions	—	413,157	413,157
Interest income	71,882	(71,882)	—
Deficiency of revenue over expenses for the year	(4,601,143)	4,601,143	—

4. Capital assets

	2017			2016		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	$	$	$	$	$	$
Tangible						
Leasehold improvements	**1,310,750**	**234,562**	**1,076,188**	1,305,648	47,190	1,258,458
Office equipment	**563,240**	**289,551**	**273,689**	546,214	223,257	322,957
Clinic equipment	**446,326**	**207,361**	**238,965**	446,326	147,620	298,706
Computer equipment	**175,240**	**99,903**	**75,337**	145,151	74,065	71,086
Clinic renovations	**154,778**	**127,330**	**27,448**	405,817	347,413	58,404
Intangible						
Computer software	**90,326**	**75,145**	**15,181**	111,215	83,440	27,775
	2,740,660	**1,033,852**	**1,706,808**	2,960,371	922,985	2,037,386

Notes to Financial Statements

March 31, 2017

5. Government remittances payable

As at March 31, 2017, accounts payable and accrued liabilities include government remittances payable of $75,028 [2016 – $49,399].

6. Deferred revenue

Deferred revenue represents unspent contributions with stipulations or external restrictions related to operating expenditures:

	2017			2016
	Alberta Health	Other grants	Ending balance	Ending balance
	$	$	$	$
				[restated – note 3]
Balance, beginning of the year	**4,258,968**	**—**	**4,258,968**	7,441,463
Received during the year	**13,438,414**	**151,080**	**13,589,594**	13,359,887
Restricted investment income	**71,882**	**—**	**71,882**	98,326
Recognized as revenue	**(17,698,282)**	**(84,036)**	**(17,782,318)**	(14,957,547)
Transfer to deferred capital contributions	**(82,579)**	**—**	**(82,579)**	(1,683,161)
Balance, end of the year	**(11,597)**	**67,044**	**55,447**	4,258,968

7. Deferred capital contributions

Deferred capital contributions represent contributed capital assets and externally restricted contributions that have been used to acquire capital assets.

	2017	2016
	$	$
		[restated – note 3]
Balance, beginning of the year	**2,037,386**	734,609
Transferred from deferred revenue	**82,579**	1,683,161
Less amounts recognized as revenue	**(413,157)**	(380,384)
Balance, end of the year	**1,706,808**	2,037,386

Notes to Financial Statements

March 31, 2017

8. Commitments

The Organization is committed to annual minimum lease payments under its current office premises lease expiring in December 2022, as follows:

	$
2018	262,958
2019	275,094
2020	275,094
2021	279,140
2022	291,276
2023	218,457
	1,602,019

In addition to the minimum lease payments, the Organization is required to pay annual operating costs of approximately $160,000.

9. Payments to physicians

The Organization may compensate member physicians and/or their clinics for services provided to promote after hours care, and to offset the costs of supporting health professionals in their clinics, depending on the practice. Services to the Organization include Board honorariums, hourly remuneration for specific medical direction and management guidance, and payments to psychiatrists. After hours care [evenings, weekends, statutory holidays] is promoted by providing an hourly incentive payment to clinics to partially offset the additional cost of operating during these times. In addition, the Organization may provide clinics a reasonable compensation to offset the costs and possible lost revenue of providing working space in their clinics for the Organization's multidisciplinary team of professionals.

	2017 $	2016 $
Services	**151,213**	135,952
After hours care	**1,436,351**	1,354,548
Multidisciplinary team overhead	**2,261,424**	1,888,912
	3,848,988	3,379,412

Notes to Financial Statements

March 31, 2017

10. RRSP and TFSA contributions

The Organization contributes to a group RRSP an amount up to 9% of eligible employee earnings. Eligible employees are able to contribute a minimum amount equal to 1% of annual earnings. During the year, the Organization contributed $755,637 [2016 – $624,111] to employee savings plans.

The Organization contributes to employees' TFSA an amount up to 2% of eligible employee earnings. During the year, the Organization contributed $234,518 [2016 – $196,253] to employee savings accounts.

11. Related party transactions

The following is a list of related parties and the amounts received from or paid to those parties by the Organization during the year:

	$
Received	
Alberta Health – Operating Grant	13,438,414
Alberta Health Services – Moving for Memory Grant	55,937
Paid	
Alberta Health Services – Support Services & Misc.	73,886

12. Economic dependence

The Organization relies on the Alberta government to fund its operations. Should this funding cease, the Organization would not be able to continue to operate without alternate sources of revenue.

13. Financial instruments

The Organization is exposed to various financial risks through transactions in financial instruments.

Liquidity risk

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

> “Numbers can tell only part of the story. In this report, we turned to our patients – the heart of the PCN – to tell their stories, and the role the Primary Care Network has played in each health journey.”

Primary Care Network
EDMONTON SOUTHSIDE

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