Financial Statements of

CONNECTWELL COMMUNITY HEALTH

And Independent Auditor's Report thereon

Year ended March 31, 2022

CONNECTWELL COMMUNITY HEALTH

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Year ended March 31, 2022

Management's Responsibility for the Financial Reporting

The accompanying financial statements of ConnectWell Community Health are the responsibility of the Organization's management and have been prepared in compliance with legislation, and in accordance with Canadian accounting standards for not-for-profit organizations. A summary of significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involved the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Organization's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters. The Board of Directors meets with management subsequently to review these same matters prior to the Board's approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Organization. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Organization's financial statements.

Sarah Sark,
Chief Executive Officer

Amy Vanderspank,
Director of Corporate Services

KPMG

KPMG LLP
22 Wilson Street, West
Perth ON K7H 2M9
Canada
Tel 613-267-6580
Fax 613-267-7563

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of ConnectWell Community Health

Opinion

We have audited the financial statements of ConnectWell Community Health (the “Entity”), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, and its results of operations, its changes in net assets, 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 auditors’ report.

We are independent of the Entity 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.

Other Matter – Comparative Information

The financial statements as at and for the year ended March 31, 2021 were audited by another auditor who expressed an unqualified opinion on those financial statements on June 14, 2021.

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

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

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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

June 21, 2022

CONNECTWELL COMMUNITY HEALTH

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	$ 4,050,741	$ 3,384,036
Investments (note 2)	1,200,000	1,200,000
Accounts receivable (note 3)	1,090,234	1,151,435
Prepaid expenses	156,628	156,207
	6,497,603	5,891,678
Capital assets (note 4)	6,218,061	6,448,824
	$ 12,715,664	$ 12,340,502
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,073,913	$ 1,887,980
Contributions payable (note 5)	687,106	451,846
Deferred revenue (note 6)	801,707	1,127,863
	3,562,726	3,467,689
Deferred capital contributions (note 7(a)):		
Government contributions	3,837,304	4,075,339
Donations	222,219	229,602
	4,059,523	4,304,941
Net assets:		
Invested in capital assets (note 7(b))	2,158,538	2,143,883
Unrestricted	2,934,877	2,423,989
	5,093,415	4,567,872
Contingent liabilities (note 10)		
Commitments (note 11)		
Economic dependence (note 12)		
	$ 12,715,664	$ 12,340,502

See accompanying notes to financial statements.

Approved on behalf of the Board:

Deborah Duffy, Chair

Kim O'Connor, Secretary/Treasurer

CONNECTWELL COMMUNITY HEALTH

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Government grants	$ 15,176,444	$ 13,212,558
Other revenue	1,974,341	1,507,876
Program fees	2,468,048	2,347,569
Fundraising and donations	77,908	124,234
Amortization of deferred capital contributions	278,470	286,174
	19,975,211	17,478,411
Expenses:		
Advertising	25,394	25,367
Amortization	322,854	328,519
Computer, medical supplies and resource materials	441,996	432,109
Insurance	68,924	60,026
Meetings, memberships and publications	35,280	31,275
Non-recurring expenses	53,446	49,415
Office supplies, postage and courier	88,904	101,946
Professional fees	34,099	29,594
Programs and project funding	333,557	566,879
Purchased services	2,914,399	1,158,704
Rent and accommodation	357,753	328,423
Repairs and maintenance	234,833	268,732
Salaries and benefits	14,153,111	13,115,410
Telephone	178,850	193,334
Travel, training and transportation	206,268	144,287
	19,449,668	16,834,020
Excess of revenue over expenses before undernoted	525,543	644,391
Family relief client funds:		
Client funding	4,531,037	4,789,511
Client services and expenses	(4,531,037)	(4,789,511)
	–	–
Excess of revenue over expenses	$ 525,543	$ 644,391

See accompanying notes to financial statements.

CONNECTWELL COMMUNITY HEALTH

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	Invested in capital assets	Unrestricted	2022 Total	2021 Total
Balance, beginning of year	$ 2,143,883	$ 2,423,989	$ 4,567,872	$ 3,923,481
Excess (deficiency) of revenue over expenses	(44,384)	569,927	525,543	644,391
Net change in investment in capital assets	59,039	(59,039)	–	–
Balance, end of year	$ 2,158,538	$ 2,934,877	$ 5,093,415	$ 4,567,872

See accompanying notes to financial statements.

CONNECTWELL COMMUNITY HEALTH

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses	$ 525,543	$ 644,391
Items not involving cash:		
Amortization of deferred capital contributions	(278,470)	(286,174)
Amortization of capital assets	322,854	328,519
Change in non-cash operating working capital:		
Accounts receivable	61,201	(251,140)
Prepaid expenses	(421)	(69,094)
Accounts payable and accrued liabilities	185,933	301,730
Contributions payable	235,260	393,846
Deferred revenue	(326,156)	204,805
	725,744	1,266,883
Financing activities:		
Receipt of deferred capital contributions	33,052	185,606
Investing activities:		
Capital asset additions	(92,091)	(185,606)
Increase in cash	666,705	1,266,883
Cash, beginning of year	3,384,036	2,117,153
Cash, end of year	$ 4,050,741	$ 3,384,036

See accompanying notes to financial statements.

ConnectWell Community Health, formerly Lanark Renfrew Health & Community Services (the "Organization"), is incorporated under the laws of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act. Its mission is to provide a wide range of health services and programs to individuals, families and the community primarily in Lanark and Renfrew Counties. Included in these financial statements are the operations of Community Health Centres (Lanark and Renfew Sites), Family Community & Development Services and Respite Services.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Significant aspects of the accounting policies adopted by the Organization are as follows:

(a) Basis of presentation:

These financial statements reflect the assets, liabilities and operations of the Organization, including the financial activities of Community Health Centres (Lanark and Renfrew Sites), Family Community & Development Services and Respite Services.

(b) Revenue recognition:

The Organization follows the deferral method of accounting for contributions.

Under the Health Insurance Act and Regulations thereto, the Organization is funded, primarily by the Province of Ontario, in accordance with budget arrangements established by the Ministry of Health/Ontario Health and the Ministry of Children, Community and Social Services. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. 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.

The amount of any pledges and bequests to donate funds to the Organization is not included in revenue until such time as funds are received.

1. Significant accounting policies (continued):

(c) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(d) Financial Instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to subsequently carry its financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral.
If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Capital assets:

Purchased capital assets, other than minor equipment are recorded at cost. Assets acquired under capital leases are initially recorded at the present value of future minimum lease payments and amortized over the estimated life of the assets. When an asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Minor equipment replacements are expensed in the year of replacement. Construction in progress is not amortized until the project is complete and the facilities come into use.

Asset	Rate
Buildings	40 years
Vehicles	7 years
Furniture and equipment	5 – 10 years
Computer equipment	3 – 5 years
Leasehold improvements	5 years

1. Significant accounting policies (continued):

(e) Capital assets (continued):

The carrying value of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount is not recoverable and exceeds its fair value.

(f) Use of estimates:

The preparation of financial statements 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 reported amounts of revenues and expensed during the period. Actual results could differ from these estimates.

2. Investments:

Investments consist of guaranteed investment certificates earning interest at rates ranging from 0.5% to 2.25% per annum and have maturities between August 2022 and March 2023.

3. Accounts receivable:

Accounts receivable are comprised of the following:

	2022	2021
Government contributions	$ 378,955	$ 528,276
HST	124,221	116,474
Passport funding	334,790	277,941
Other	252,268	228,744
	$ 1,090,234	$ 1,151,435

4. Tangible capital assets:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land:				
Office:				
Carleton Place 1	$ 125,395	$ –	$ 125,395	$ 125,395
Carleton Place 2	85,365	–	85,365	85,365
Lanark	61,117	–	61,117	61,117
Beachburg	7,217	–	7,217	7,217
Cobden	30,500	–	30,500	30,500
Respite House:				
Moulton House	68,200	–	68,200	68,200
Robertson House	70,291	–	70,291	70,291
Mississippi House	81,849	–	81,849	81,849
Smith Falls	69,714	–	69,714	69,714
Perth	55,570	–	55,570	55,570
Buildings:				
Office:				
Carleton Place 1	3,252,501	974,146	2,278,355	2,359,657
Carleton Place 2	369,834	21,738	348,096	357,343
Lanark	1,914,520	982,006	932,514	980,388
Beachburg	28,870	3,157	25,713	26,615
Cobden	497,389	103,775	393,614	409,967
Respite House:				
Moulton House	312,839	67,312	245,527	226,196
Robertson House	390,856	58,220	332,636	342,407
Mississippi House	245,546	21,485	224,061	230,199
Smith Falls	329,139	155,556	173,583	183,553
Perth	293,965	81,854	212,111	188,225
Vehicles	442,968	287,265	155,703	200,534
Furniture and equipment	701,620	572,889	128,731	161,072
Computer equipment	752,055	658,589	93,466	101,526
Leasehold improvements	365,295	346,562	18,733	25,924
	$10,552,615	$ 4,334,554	$ 6,218,061	$ 6,448,824

Cost and accumulated amortization at March 31, 2021 amounted to $10,460,524 and $4,011,700, respectively.

Capital assets have been reviewed for full or partial impairment. Management has determined there are none.

5. Contributions payable:

		2022		2021
Due to Ministry of Health	$	545,898	$	437,846
Due to the County of Lanark		127,208		–
Other		14,000		14,000
	$	687,106	$	451,846

6. Deferred revenue:

Operating Funding		2022		2021
Balance, beginning of year	$	1,127,863	$	923,058
Add: amount received in advance		741,689		997,754
Less: amount recognized as revenue in the year		(1,067,845)		(792,949)
Balance, end of year	$	801,707	$	1,127,863

7. Deferred capital contributions:

(a) Deferred capital contributions are comprised of grants and donations received to fund the acquisition of capital assets. The grant or donation is recognized into income as the asset purchased with the monies is amortized.

The change in the balance is outlined as follows:

Government contributions	2022	2021
Balance, beginning of year	$ 4,075,339	$ 4,168,524
Add: contributed equipment	33,052	185,606
Less: amounts amortized to revenue	(271,087)	(278,791)
Balance, end of year	$ 3,837,304	$ 4,075,339

Donations	2022	2021
Balance, beginning of year	$ 229,602	$ 236,985
Less: amount amortized to revenue	(7,383)	(7,383)
Balance, end of year	$ 222,219	$ 229,602

(b) Invested in capital assets is comprised of:

	2022	2021
Capital assets	$ 6,218,061	$ 6,448,824
Funded by:		
Government contributions	(3,837,304)	(4,075,339)
Donations	(222,219)	(229,602)
Balance, end of year	$ 2,158,538	$ 2,143,883

8. Credit Facility:

The Organization has an operating line of credit with its financial institution up to a maximum available of $500,000. This line of credit bears interest at the lender's prime rate plus 0.5%, is unsecured and is due on demand. The amount drawn as at March 31, 2022 was $Nil (2021 - $Nil).

9. Risk management:

In the normal course of operations, the Organization is exposed to a variety of financial risks which are actively managed by the Organization.

The Organization's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, contributions payable and deferred revenue. The fair values of the financial instruments approximate their carrying values because of their expected short-term maturity and treatment on normal trade terms.

(a) Credit risk:

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable and cash.

The Organization, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Organization at March 31, 2022 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the income statement. Subsequent recoveries of impairment losses related to accounts receivable are credited to the Statement of Operations.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable are generally due within 30 days of receipt of an invoice.

There have been no significant changes to the risk exposures from 2021.

10. Contingent liabilities:

The nature of the Organization's activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at March 31, 2022, management believes that the Organization has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Organization's financial position.

11. Commitments:

The Organization has entered into lease agreements, the amount for which they are committed to pay are as follows:

2023	$	94,589
2024		64,813
2025		65,129
2026		64,510
	$	289,041

12. Economic dependence:

The Organization is dependent on the Ministry of Health/Ontario Health provided under a Multi-Sectoral Accountability Agreement. The Organization is also dependent on the Ministry of Children, Community and Social Services for continued funding.

13. Impact of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus. The pandemic has had significant operational and financial impacts as a result of social and market disruption.

The Organization continues to experience impacts of the pandemic in the 2023 fiscal year. Impacts have been mitigated by associated funding and other cost saving measures. The outcome and time frame for a recovery from the pandemic is unknown, and therefore it is not practicable to estimate and disclose its financial effect on future operations at this time.

14. Comparative information:

Certain 2021 comparative information has been reclassified to conform with the financial statement presentation adopted in the current period.