Financial Statements of

CONNECTWELL COMMUNITY HEALTH

And Independent Auditor’s Report thereon

Year ended March 31, 2024

CONNECTWELL COMMUNITY HEALTH

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Year ended March 31, 2024

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 Auditor’s Report outlines their responsibilities, the scope of their examination and their opinion on the Organization's financial statements.

Sarah Sark,
Chief Executive Officer

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Amy Vanderspank,
Director of Corporate Services

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INDEPENDENT AUDITOR'S 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, 2024
- 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, 2024, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

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.

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 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 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 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 25, 2024

CONNECTWELL COMMUNITY HEALTH

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	$ 3,401,801	$ 5,096,173
Investments (note 2)	3,031,307	1,600,000
Accounts receivable (note 3)	936,052	747,140
Prepaid expenses	363,144	144,075
	7,732,304	7,587,388
Capital assets (note 4)	6,308,090	6,113,631
	$ 14,040,394	$ 13,701,019
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,514,418	$ 2,454,647
Contributions payable (note 5)	1,170,706	866,738
Deferred revenue (note 6)	821,408	822,014
	4,506,532	4,143,399
Deferred capital contributions (note 7(a)):		
Government contributions	3,749,089	3,721,994
Donations	207,453	214,836
	3,956,542	3,936,830
Net assets:		
Invested in capital assets (note 7(b))	2,351,548	2,176,801
Unrestricted	–	–
Internally restricted:		
Operating reserves	1,643,650	1,861,867
Capital repairs	500,000	500,000
Future project	1,082,122	1,082,122
	5,577,320	5,620,790
Contingent liabilities (note 11)		
Commitments (note 12)		
Economic dependence (note 13)		
	$ 14,040,394	$ 13,701,019

See accompanying notes to financial statements.

Approved on behalf of the Board:

CONNECTWELL COMMUNITY HEALTH

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Government grants	$ 17,540,122	$ 16,628,721
Other revenue	1,442,354	1,863,184
Program fees	3,835,017	3,563,694
Fundraising and donations	138,260	79,887
Amortization of deferred capital contributions	278,903	277,655
	23,234,656	22,413,141
Expenses:		
Advertising	17,106	26,813
Amortization	332,266	323,062
Computer, medical supplies and resource materials	636,272	395,866
Insurance	102,677	95,661
Meetings, memberships and publications	45,336	50,085
Non-recurring expenses	110,355	115,050
Office supplies, postage and courier	84,840	92,589
Professional fees	65,050	36,754
Programs and project funding	702,499	410,864
Purchased services	3,690,051	3,475,364
Rent and accommodation	464,251	433,996
Repairs and maintenance	248,196	282,975
Salaries and benefits	16,316,032	15,644,881
Telephone	202,954	199,519
Travel, training and transportation	260,241	302,287
	23,278,126	21,885,766
Excess (deficiency) of revenue over expenses before undernoted	(43,470)	527,375
Family relief client funds:		
Client funding	4,863,727	4,647,434
Client services and expenses	(4,863,727)	(4,647,434)
	–	–
Excess (deficiency) of revenue over expenses	$ (43,470)	$ 527,375

See accompanying notes to financial statements.

CONNECTWELL COMMUNITY HEALTH

Statement of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

			Internally restricted				
	Invested in capital assets	Unrestricted	Operating reserves	Capital repairs	Future project	2024 Total	2023 Total
Balance, beginning of year	$ 2,176,801	$ –	$ 1,861,867	$ 500,000	$ 1,082,122	$ 5,620,790	$ 5,093,415
Excess (deficiency) of revenue over expenses	(53,363)	9,893	–	–	–	(43,470)	527,375
Net change in investment in capital assets	228,110	(228,110)	–	–	–	–	–
Internal transfers (note 14)	–	218,217	(218,217)	–	–	–	–
Balance, end of year	$ 2,351,548	$ –	$ 1,643,650	$ 500,000	$ 1,082,122	$ 5,577,320	$ 5,620,790

See accompanying notes to financial statements.

CONNECTWELL COMMUNITY HEALTH

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used for):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (43,470)	$ 527,375
Items not involving cash:		
Amortization of deferred capital contributions	(278,903)	(277,655)
Amortization of capital assets	332,266	323,062
Change in non-cash operating working capital:		
Accounts receivable	(188,912)	343,094
Prepaid expenses	(219,069)	12,551
Accounts payable and accrued liabilities	59,771	380,734
Contributions payable	303,968	179,632
Deferred revenue	(606)	20,307
	(34,955)	1,509,100
Financing activities:		
Receipt of deferred capital contributions	298,616	154,962
Investing activities:		
Capital asset additions	(526,726)	(218,630)
Purchase of investments	(1,431,307)	(400,000)
	(1,958,033)	(618,630)
Increase (decrease) in cash	(1,694,372)	1,045,432
Cash, beginning of year	5,096,173	4,050,741
Cash, end of year	$ 3,401,801	$ 5,096,173

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.

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), 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.

(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.

1. Significant accounting policies (continued):

(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. Work 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
Computer software	10 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) Employee future benefit liabilities:

The Organization is an employer member of the Health Care of Ontario Pension Plan, which is a multi-employer defined benefit pension plan. The Organization accounts for this plan on a defined contribution plan basis as contributions to the benefit plan are determined by the plan administrator and are expensed when due.

The most recent funding valuation of this multi-employer pension plan conducted as at December 31, 2023 disclosed actuarial assets of $112 billion (2022 - $104 billion) with accrued pension liabilities of $102 billion (2022 - $93 billion), resulting in a surplus of $10 million (2022 - $11 million). This valuation also confirmed that the plan was fully funded on a solvency basis as at December 31, 2023 based on the assumptions and methods adopted for the valuation.

(g) 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 4.01% to 5.35% per annum and have maturities between April 2, 2024 and March 3, 2025.

3. **Accounts receivable:**

Accounts receivable are comprised of the following:

	2024	2023
Government contributions	$ 93,116	$ 174,588
HST	214,571	133,552
Passport funding	108,039	28,991
Other	520,326	410,009
	$ 936,052	$ 747,140

4. Tangible capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	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	3,261,732	1,137,117	2,124,615	2,206,155
Carleton Place 2	369,834	40,229	329,605	338,851
Lanark	1,914,520	1,077,732	836,788	884,651
Beachburg	58,184	6,061	52,123	53,758
Cobden	580,211	129,450	450,761	438,978
Respite House:				
Moulton House	312,839	82,953	229,886	237,707
Robertson House	397,131	77,842	319,289	322,864
Mississippi House	245,546	33,762	211,784	217,922
Smith Falls	329,139	175,499	153,640	163,611
Perth	392,624	101,798	290,826	252,084
Vehicles	511,758	375,307	136,451	110,873
Furniture and equipment	844,780	598,502	246,278	107,324
Computer equipment	797,524	738,209	59,315	91,579
Computer software	34,201	1,710	32,491	-
Leasehold improvements	386,046	363,490	22,556	32,056
Work in progress	156,464	–	156,464	–
	$ 11,247,751	$ 4,939,661	$ 6,308,090	$ 6,113,631

Cost and accumulated amortization at March 31, 2023 amounted to $10,771,247 and $4,657,616, respectively.

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

5. Contributions payable:

		2024		2023
Due to Ministry of Health/Ontario Health	$	753,313	$	711,986
Due to the County of Lanark		261,391		147,143
Other		156,002		7,609
	$	1,170,706	$	866,738

6. Deferred revenue:

Operating Funding		2024		2023
Balance, beginning of year	$	822,014	$	801,707
Add: amount received in advance		293,870		687,956
Less: amount recognized as revenue in the year		(294,476)		(667,649)
Balance, end of year	$	821,408	$	822,014

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	2024	2023
Balance, beginning of year	$ 3,721,994	$ 3,837,304
Add: contributed equipment	298,615	154,962
Less: amounts amortized to revenue	(271,520)	(270,272)
Balance, end of year	$ 3,749,089	$ 3,721,994

Donations	2024	2023
Balance, beginning of year	$ 214,836	$ 222,219
Less: amount amortized to revenue	(7,383)	(7,383)
Balance, end of year	$ 207,453	$ 214,836

(b) Invested in capital assets is comprised of:

	2024	2023
Capital assets	$ 6,308,090	$ 6,113,631
Funded by:		
Government contributions	(3,749,089)	(3,721,994)
Donations	(207,453)	(214,836)
Balance, end of year	$ 2,351,548	$ 2,176,801

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, 2024 was $Nil (2023 - $Nil).

9. Pension plan:

The majority of the employees of the Organization are members of the Health Care of Ontario Pension Plan (the “Plan”), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. The Plan specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions to the Plan made during the year by the Organization on behalf of its employees amounted to $1,039,163 (2023 - $969,450) and are included in administrative salaries and benefits expenses on the Statement of Operations.

10. 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, and contributions payable. 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, cash and investments. The Organization deals with a chartered bank for its cash and investment accounts to mitigate the risk of financial loss from defaults.

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, 2024 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. The balance in the allowance for doubtful accounts at March 31, 2024 is $Nil (2023 - $Nil).

(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.

10. Risk management (continued):

(c) Interest rate risk:

The Organization is exposed to interest rate risk on it fixed-rate financial instruments as disclosed in note 2. Fixed-rate instruments subject the Organization to a fair value risk.

There have been no significant changes to the risk exposures from 2023.

11. 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, 2024, 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.

12. Commitments:

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

2025	$	160,961
2026		137,704
	$	298,665

13. 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.

14. Internal transfers:

During the year, the Board of Directors internally restricted net assets previously reported as unrestricted net assets as operating reserves, capital repairs and future projects.