

Financial Statements of

**CONNECTWELL
COMMUNITY HEALTH**

And Independent Auditor's Report thereon

Year ended March 31, 2026

CONNECTWELL COMMUNITY HEALTH

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Year ended March 31, 2026

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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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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, 2026
- 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, 2026, and its results of operations 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

Kingston, Canada

June 2, 2026

CONNECTWELL COMMUNITY HEALTH

Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash	\$ 2,442,830	\$ 1,833,578
Investments (note 2)	3,532,782	3,532,872
Accounts receivable (note 3)	1,439,910	1,188,113
Prepaid expenses	379,527	259,164
	<u>7,795,049</u>	<u>6,813,727</u>
Capital assets (note 4)	6,294,058	6,363,239
	<u>\$ 14,089,107</u>	<u>\$ 13,176,966</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,379,872	\$ 2,397,431
Contributions payable (note 5)	1,959,164	880,755
Deferred revenue (note 6)	619,843	560,043
	<u>4,958,879</u>	<u>3,838,229</u>
Deferred capital contributions (note 7(a)):		
Government contributions	3,712,954	3,743,749
Donations	193,775	200,070
	<u>3,906,729</u>	<u>3,943,819</u>
Net assets:		
Invested in capital assets (note 7(b))	2,387,329	2,419,420
Internally restricted:		
Operating reserves	1,254,048	1,393,376
Capital repairs	500,000	500,000
Future project	1,082,122	1,082,122
	<u>5,223,499</u>	<u>5,394,918</u>
Contingent liabilities (note 11)		
Commitments (note 12)		
Economic dependence (note 13)		
	<u>\$ 14,089,107</u>	<u>\$ 13,176,966</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



CONNECTWELL COMMUNITY HEALTH

Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Revenue:		
Government grants	\$ 15,050,609	\$ 14,516,002
Program fees	4,632,561	4,615,769
Other revenue	756,173	819,132
Client admin fees	517,967	442,314
Amortization of deferred capital contributions	210,509	291,637
Fundraising and donations	166,438	153,136
	<u>21,334,257</u>	<u>20,837,990</u>
Expenses:		
Advertising	39,400	21,110
Amortization	331,272	339,516
Computer, medical supplies and resource materials	619,742	629,148
Insurance	112,524	110,940
Meetings, memberships and publications	46,775	54,663
Non-recurring expenses	160,032	–
Office supplies, postage and courier	77,094	68,099
Professional fees	70,844	66,588
Programs and project funding	997,626	883,653
Purchased services	276,768	352,719
Rent and accommodation	442,396	544,811
Repairs and maintenance	299,245	329,980
Salaries and benefits	17,575,721	17,061,037
Telephone	201,676	280,669
Travel, training and transportation	254,561	277,459
	<u>21,505,676</u>	<u>21,020,392</u>
Deficiency of revenue over expenses before undernoted	(171,419)	(182,402)
Family relief client funds:		
Client funding	7,462,685	8,409,369
Client services and expenses	(7,462,685)	(8,409,369)
	<u>–</u>	<u>–</u>
Deficiency of revenue over expenses	<u>\$ (171,419)</u>	<u>\$ (182,402)</u>

See accompanying notes to financial statements.

CONNECTWELL COMMUNITY HEALTH

Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025

	Invested in capital assets	Unrestricted	Internally restricted			2026 Total	2025 Total
			Operating reserves	Capital repairs	Future project		
Balance, beginning of year	\$ 2,419,420	\$ –	\$ 1,393,376	\$ 500,000	\$ 1,082,122	\$ 5,394,918	\$ 5,577,320
Deficiency of revenue over expenses	(120,763)	(50,656)	–	–	–	(171,419)	(182,402)
Change in net investment in capital assets	88,672	(88,672)	–	–	–	–	–
Internal transfers (note 14)	–	139,328	(139,328)	–	–	–	–
Balance, end of year	\$ 2,387,329	\$ –	\$ 1,254,048	\$ 500,000	\$ 1,082,122	\$ 5,223,499	\$ 5,394,918

See accompanying notes to financial statements.

CONNECTWELL COMMUNITY HEALTH

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used for):		
Operating activities:		
Deficiency of revenue over expenses	\$ (171,419)	\$ (182,402)
Items not involving cash:		
Amortization of deferred capital contributions	(210,509)	(291,637)
Amortization of capital assets	331,272	339,516
Change in non-cash operating working capital:		
Accounts receivable	(251,797)	(252,061)
Prepaid expenses	(120,363)	103,980
Accounts payable and accrued liabilities	(17,559)	(116,987)
Contributions payable	1,078,409	(289,951)
Deferred revenue	59,800	(261,365)
	697,834	(950,907)
Financing activities:		
Receipt of deferred capital contributions	173,419	278,914
Investing activities:		
Capital asset additions	(262,091)	(394,665)
Purchase of investments	90	(501,565)
	(262,001)	(896,230)
Increase (decrease) in cash	609,252	(1,568,223)
Cash, beginning of year	1,833,578	3,401,801
Cash, end of year	\$ 2,442,830	\$ 1,833,578

See accompanying notes to financial statements.

CONNECTWELL COMMUNITY HEALTH

Notes to Financial Statements

Year ended March 31, 2026

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.

CONNECTWELL COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2026

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

CONNECTWELL COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2026

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, 2025 disclosed actuarial assets of \$132 billion (2024 - \$123 billion) with accrued pension liabilities of \$121 billion (2024 - \$113 billion), resulting in a surplus of \$11 billion (2024 - \$10 billion). This valuation also confirmed that the plan was fully funded on a solvency basis as at December 31, 2025 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 2.44% to 2.66% per annum and have maturities between May 2026 and March 2027.

CONNECTWELL COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2026

3. Accounts receivable:

Accounts receivable are comprised of the following:

	2026	2025
Government contributions	\$ 45,430	\$ 304,102
HST	125,264	275,723
Passport funding	742,843	269,185
Other	526,373	339,103
	<u>\$ 1,439,910</u>	<u>\$ 1,188,113</u>

CONNECTWELL COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2026

4. Tangible capital assets:

			2026	2025
	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	3,261,731	1,297,468	1,964,263	2,043,072
Carleton Place 2	369,833	58,457	311,376	320,359
Lanark	1,992,408	1,176,629	815,779	895,097
Beachburg	195,285	14,197	181,088	79,705
Cobden	638,017	160,970	477,047	469,686
Respite Houses:				
Moulton House	339,356	99,671	239,685	222,065
Robertson House	421,857	98,426	323,431	328,798
Mississippi House	245,546	45,865	199,681	205,645
Smith Falls	339,139	192,511	146,628	143,669
Perth	392,624	121,835	270,789	279,621
Vehicles	652,386	469,822	182,564	204,260
Furniture and equipment	1,271,071	1,016,746	254,325	282,983
Computer equipment	801,800	765,856	35,944	34,471
Computer software	260,200	30,914	229,286	29,071
Leasehold improvements	386,047	379,093	6,954	13,055
Work in progress	—	—	—	156,464
	\$ 12,222,518	\$ 5,928,460	\$ 6,294,058	\$ 6,363,239

Cost and accumulated amortization at March 31, 2025 amounted to \$11,960,427 and \$5,597,188, respectively.

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

CONNECTWELL COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2026

5. Contributions payable:

	2026	2025
Due to Ministry of Health/Ontario Health	\$ 862,668	\$ 205,033
Due to Ministry of Children, Community and Social Services	434,493	99,330
Due to the County of Lanark /Other Funders	277,614	253,115
Other	384,389	323,277
	<u>\$ 1,959,164</u>	<u>\$ 880,755</u>

6. Deferred revenue:

	2026	2025
Balance, beginning of year	\$ 560,043	\$ 821,408
Add: amount received	574,318	65,675
Less: amount recognized as revenue in the year	(514,518)	(327,040)
Balance, end of year	<u>\$ 619,843</u>	<u>\$ 560,043</u>

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	2026	2025
Balance, beginning of year	\$ 3,743,749	\$ 3,749,089
Add: contributions	173,419	278,914
Less: amounts amortized to revenue	(204,214)	(284,254)
Balance, end of year	<u>\$ 3,712,954</u>	<u>\$ 3,743,749</u>

Donations	2026	2025
Balance, beginning of year	\$ 200,070	\$ 207,453
Less: amount amortized to revenue	(6,295)	(7,383)
Balance, end of year	<u>\$ 193,775</u>	<u>\$ 200,070</u>

CONNECTWELL COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2026

7. Deferred capital contributions (continued):

(b) Invested in capital assets is comprised of:

	2026	2025
Capital assets	\$ 6,294,058	\$ 6,363,239
Funded by:		
Government contributions	(3,712,954)	(3,743,749)
Donations	(193,775)	(200,070)
Balance, end of year	\$ 2,387,329	\$ 2,419,420

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, 2026 was \$Nil (2025 - \$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 \$1,137,506 (2025 - \$1,075,785) and are included in 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.

CONNECTWELL COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2026

10. Risk management (continued):

(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, 2026 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, 2026 is \$Nil (2025 - \$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.

(c) Interest rate risk:

The Organization is exposed to interest rate risk on its 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 2025.

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, 2026, 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.

CONNECTWELL COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2026

12. Commitments:

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

2027	\$ 192,468
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13. Economic dependence:

The Organization is dependent on funding from the Ministry of Health/Ontario Health provided under a Multi-Sectoral Accountability Agreement, as well as funding from the Ministry of Children, Community and Social Services; together, these two ministries represent approximately 64% of the Organization's total funding.

14. Internal transfers:

During the year, the Board of Directors approved the transfer from internally restricted assets to unrestricted net assets to fund the deficit reported in the year.

15. Comparative information:

Certain comparative information has been reclassified from that previously presented to conform to the financial statement presentation adopted in the current year.