

Financial Statements of

**GIIWEDNONG
HEALTH LINK**

Year ended March 31, 2018



KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury ON P3C 1X3
Canada
Tel 705-675-8500
Fax 705-675-7586

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Giiwednong Health Link

We have audited the accompanying financial statements of Giiwednong Health Link, which comprise the statement of financial position as at March 31, 2018, the statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising 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 our 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, we 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.



Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Giiwednong Health Link as at March 31, 2018, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 8, 2018

GIIWEDNONG HEALTH LINK

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 267,547	\$ 119,560
Prepaid expenses (note 2)	962,080	963,298
	<u>1,229,627</u>	<u>1,082,858</u>
Capital assets (note 3)	30,800	31,176
	<u>\$ 1,260,427</u>	<u>\$ 1,114,034</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 270,504	\$ 123,936
Deferred contributions (note 5)	958,875	958,875
	<u>1,229,379</u>	<u>1,082,811</u>
Deferred capital contributions (note 6)	21,210	29,518
	<u>1,250,589</u>	<u>1,112,329</u>
Net assets	9,838	1,705
Commitments (note 7)		
	<u>\$ 1,260,427</u>	<u>\$ 1,114,034</u>

See accompanying notes to financial statements.

On behalf of the Board:





GIIWEDNONG HEALTH LINK

Statement of Operations and Changes in Net Assets

Year ended March, 2018, with comparative information for 2017

	Operating	Invested in Capital Assets	2018	2017
Revenue:				
Contributions	\$ 1,387,263	-	\$ 1,387,263	717,839
Interest	3,420	-	3,420	346
Grants	-	-	-	21,750
Amortization of deferred capital contributions	-	8,308	8,308	8,308
	1,390,683	8,308	1,398,991	748,243
Expenses:				
Fees and services	478,145	-	478,145	61,000
Salaries and benefits	441,147	-	441,147	415,400
EMR customization	231,289	-	231,289	23,231
Travel	62,397	-	62,397	38,413
Office and general	33,600	-	33,600	22,785
Board of Directors	31,572	-	31,572	41,243
Rent	23,993	-	23,993	26,948
Professional fees	21,511	-	21,511	15,509
Technology	15,002	-	15,002	12,833
Insurance	12,707	-	12,707	11,936
Recruitment costs	8,938	-	8,938	16,136
Telephone and utilities	8,932	-	8,932	7,271
Professional development	7,329	-	7,329	43,454
Interest and bank charges	1,716	-	1,716	1,438
Amortization of capital assets	-	12,580	12,580	8,941
	1,378,278	12,580	1,390,858	746,538
Excess (deficiency) of revenue over expenses before transfers	12,405	(4,272)	8,133	1,705
Transfers for capital assets	(12,204)	12,204	-	-
Changes in net assets	201	7,932	8,133	1,705
Net assets, beginning of year	47	1,658	1,705	-
Net assets, end of year	\$ 248	9,590	\$ 9,838	1,705

See accompanying notes to financial statements.

GIWEDNONG HEALTH LINK

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 8,133	\$ 1,705
Items not involving cash:		
Amortization of capital assets	12,580	8,941
Amortization of deferred capital contributions	(8,308)	(8,308)
	12,405	2,338
Changes in non-cash operating working capital:		
Decrease (increase) in prepaid expenses	1,218	(963,298)
Increase in accounts payable and accrued liabilities	146,568	123,936
Increase in deferred contributions	-	958,875
	160,191	121,851
Capital activities:		
Purchase of capital assets	(12,204)	(2,291)
Increase in cash	147,987	119,560
Cash, beginning of year	119,560	-
Cash, end of year	\$ 267,547	\$ 119,560

See accompanying notes to financial statements.

GIIWEDNONG HEALTH LINK

Notes to Financial Statements

Year ended March 31, 2018

Nature of operations:

Giiwednong Health Link (the "Organization") is incorporated without share capital under the laws of the Canada Not-for-Profit Corporations Act. The Organization's principal purpose is to assist its member health care organizations implement electronic health records in First Nation communities in the Manitoulin Island and North Shore regions.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The Organization's significant accounting policies are as follows:

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions as follows:

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 that subsequent period.

Contributions of materials and services that are used in the normal course of operations and would otherwise have been purchased are recognized at fair value at the date of contribution.

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 period in which the related expenses are recognized. 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.

(b) Capital assets:

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized on a straight-line basis over the useful life of the asset as follows:

Asset	Estimated Useful Life
Office equipment	5 years
Furniture	10 years
Computer equipment	3 years

GIIWEDNONG HEALTH LINK

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other 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 carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

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 year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Use of estimates:

The preparation of the 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 the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets. Actual results could differ from those estimates.

2. Prepaid expenses:

Included in prepaid expenses is a deposit paid to TELUS Health in the amount of \$958,875 related to the provision of certain services. Terms of the services provided are to be negotiated.

GIIWEDNONG HEALTH LINK

Notes to Financial Statements (continued)

Year ended March 31, 2018

3. Capital assets:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 14,689	\$ 5,232	\$ 9,456	\$ 9,178
Furniture	12,437	2,487	9,950	11,193
Computer equipment	25,196	13,801	11,394	10,805
	<u>\$ 52,322</u>	<u>\$ 21,520</u>	<u>\$ 30,800</u>	<u>\$ 31,176</u>

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$6,996 (2017 - \$286) which includes amounts payable for payroll related taxes.

5. Deferred contributions:

The Organization was provided contributions from Health Canada in the amount of \$958,875 pertaining to fees for future services which are to be provided to all sites and users.

6. Deferred capital contributions:

Deferred capital contributions represent the unamortized balances of contributed capital assets. Details of the continuity of these funds are as follows:

	2018		2017	
Balance, beginning of year	\$	29,518	\$	-
Additions to deferred capital contributions		-		37,826
Less amounts amortized to revenue		(8,308)		(8,308)
Balance, end of year	\$	<u>21,210</u>	\$	<u>29,518</u>

GIIWEDNONG HEALTH LINK

Notes to Financial Statements (continued)

Year ended March 31, 2018

7. Commitments:

- (a) The Organization rents three premises under operating leases. Two of the leases expire in March 2019 with a combined commitment of \$15,152 until their expiry. The third lease expires in February 2020 with a commitment of \$7,700 for 2019 and \$8,568 for 2020.
- (b) The Organization has committed to a supply and service arrangement with TELUS Health at preliminary negotiated rates for the implementation, maintenance and training at various sites. The fees for these services are dependent upon on a number of factors including location, users and other variables, and as a result have not been estimated.

8. Demand line of credit:

The Organization has an unutilized demand operating line of credit with the Bank of Montreal authorized to a maximum of \$50,000, which bears interest at the bank's prime lending rate plus 1.25%. The line of credit is secured by a general security agreement.

9. Financial risks and concentration of risk:

- (a) 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.