

Financial Statements of

**GIIWEDNONG
HEALTH LINK**

And Independent Auditors' Report thereon

Year ended March 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Giiwednong Health Link

Opinion

We have audited the financial statements of Giiwednong Health Link (the Entity), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations and changes in net assets (deficit) 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, 2020 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 "***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.



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.



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- 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

Sudbury, Canada

June 3, 2020

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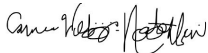
Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 134,286	\$ 85,229
Accounts receivable	565	-
Prepaid expenses (note 2)	966,296	965,524
	<u>1,101,147</u>	<u>1,050,753</u>
Capital assets (note 3)	23,225	22,938
	<u>\$ 1,124,372</u>	<u>\$ 1,073,691</u>
Liabilities and Net Assets (Deficit)		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 60,529	\$ 62,054
Deferred contributions (note 5)	1,050,304	988,402
	<u>1,110,833</u>	<u>1,050,456</u>
Deferred capital contributions (note 6)	9,560	12,902
	<u>1,120,393</u>	<u>1,063,358</u>
Net assets (deficit):		
Invested in capital assets (note 7)	13,665	10,036
Operating (deficiency)	(9,686)	297
	<u>3,979</u>	<u>10,333</u>
Commitments (note 8)		
Effects of COVID-19 (note 12)		
	<u>\$ 1,124,372</u>	<u>\$ 1,073,691</u>

See accompanying notes to financial statements.

On behalf of the Board:





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Statement of Operations and Changes in Net Assets (Deficit)

Year ended March, 2020, with comparative information for 2019

	Operating	Invested in Capital Assets	2020	2019
Revenue:				
Indigenous Services Canada	\$ 1,159,640	\$ -	\$ 1,159,640	\$ 1,041,771
North Bay Indigenous Hub	4,078	-	4,078	3,952
Amortization of deferred capital contributions	-	3,342	3,342	8,308
Interest	654	-	654	2,627
Other	6,000	-	6,000	8,226
	<u>1,170,372</u>	<u>3,342</u>	<u>1,173,714</u>	<u>1,064,884</u>
Expenses:				
Salaries and benefits	633,236	-	633,236	568,287
EMR fees and services	265,922	-	265,922	264,487
Professional fees	57,365	-	57,365	18,759
Travel	52,286	-	52,286	52,743
Board of Directors	30,526	-	30,526	33,620
Rent	34,339	-	34,339	29,079
Capacity building	16,573	-	16,573	12,473
Professional development	15,097	-	15,097	6,788
EMR customization and eHealth	13,617	-	13,617	16,394
Amortization of capital assets	-	13,251	13,251	14,464
Office, general and communications	12,604	-	12,604	13,123
Insurance	12,413	-	12,413	12,435
Telephone and utilities	9,635	-	9,635	9,527
Technology	11,225	-	11,225	10,322
Interest and bank charges	1,708	-	1,708	1,259
Recruitment costs	271	-	271	629
	<u>1,166,817</u>	<u>13,251</u>	<u>1,180,068</u>	<u>1,064,389</u>
Excess (deficiency) of revenue over expenses before transfers	3,555	(9,909)	(6,354)	495
Net assets, beginning of year	297	10,036	10,333	9,838
Transfers for capital assets	(13,538)	13,538	-	-
Net assets (deficit), end of year	\$ (9,686)	\$ 13,665	\$ 3,979	\$ 10,333

See accompanying notes to financial statements.

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Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (6,354)	\$ 495
Items not involving cash:		
Amortization of capital assets	13,251	14,464
Amortization of deferred capital contributions	(3,342)	(8,308)
	3,555	6,651
Changes in non-cash operating working capital:		
Increase in accounts receivable	(565)	-
Increase in prepaid expenses	(772)	(3,444)
Decrease in accounts payable and accrued liabilities	(1,525)	(208,450)
Increase in deferred contributions	61,902	29,527
	62,595	(175,716)
Capital activities:		
Purchase of capital assets	(13,538)	(6,602)
Increase (decrease) in cash	49,057	(182,318)
Cash, beginning of year	85,229	267,547
Cash, end of year	\$ 134,286	\$ 85,229

See accompanying notes to financial statements.

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Notes to Financial Statements

Year ended March 31, 2020

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 support First Nation communities in the development of First Nations digital health solutions, shared service, and implementation of an electronic health record.

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

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Notes to Financial Statements (continued)

Year ended March 31, 2020

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 useful lives 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. This deposit will be applied and consumed through the period of April 1, 2020 to March 31, 2025 as discussed in note 8 (b).

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Notes to Financial Statements (continued)

Year ended March 31, 2020

3. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 18,894	\$ 12,305	\$ 6,589	\$ 7,943
Furniture	12,776	5,043	7,733	9,011
Computer equipment	40,791	31,888	8,903	5,984
	\$ 72,461	\$ 49,236	\$ 23,225	\$ 22,938

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$8,072 (2019 - \$8,223) which includes amounts payable for payroll related taxes.

5. Deferred contributions:

	2020	2019
Indigenous Services Canada	\$ 958,875	\$ 958,875
North Bay Indigenous Hub	58,929	29,527
Mnaamodzawin Health Services	32,500	-
	\$ 1,050,304	\$ 988,402

The Organization was provided contributions from Indigenous Services Canada in the amount of \$958,875 pertaining to fees for future services which are to be provided to all sites and users. These services will be provided over the course of five years beginning April 1, 2020 and ending March 31, 2025. Further information is discussed in note 8 (b).

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:

	2020	2019
Balance, beginning of year	\$ 12,902	\$ 21,210
Less amounts amortized to revenue	(3,342)	(8,308)
Balance, end of year	\$ 9,560	\$ 12,902

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Notes to Financial Statements (continued)

Year ended March 31, 2020

7. Invested in capital assets:

Capital net assets are calculated as follows:

	2020	2019
Capital assets	\$ 23,225	\$ 22,938
Amounts financed by:		
Deferred capital contributions	(9,560)	(12,902)
	\$ 13,665	\$ 10,036

8. Commitments:

- (a) The Organization rents three premises under operating leases. The leases expire in March 2021 with a combined commitment of \$27,890 until their expiry.
- (b) Effective April 1, 2020 the Organization entered into an amended agreement with Telus Health for a five year period ending March 31, 2025. The terms of the amended agreement require monthly payments for EMR services totaling \$391,986 for the term of the contract. With respect to the terminated agreement, the credit of \$958,875 which is made of up \$915,900 for EMR fees and \$42,975 for training, existing under the terms of this agreement is to be applied and consumed through the period of April 1, 2020 to March 31, 2025 as follows:

	2020
2021	\$ 224,561
2022	208,841
2023	188,631
2024	168,421
2025	168,421
	\$ 958,875

Any unapplied portions of the above credit shall not be refunded, returned or otherwise reapplied in the event of early termination of the agreement.

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Notes to Financial Statements (continued)

Year ended March 31, 2020

9. 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. As of March 31, 2020, \$Nil (2019 - \$Nil) has been drawn on this operating line of credit.

10. Economic dependence:

A substantial portion of the Organization's revenue is derived from funding from Indigenous Services Canada. This one funder accounted for 99.3% (2019 - 97.8%). The loss of this relationship would have a significant impact on the Organization's revenue and operations.

11. 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.

12. Effects of COVID-19:

The COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the entity has undertaken the following activities in relation to the COVID-19 pandemic.

- Mandatory working from home requirements for those able to do so
- All staff were directed to suspend all travel to member First Nations

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end. Management has assessed the financial impacts at this time. As a result of this assessment there were no adjustments required to be reflected in these financial statements.