

Financial Statements of

**GIIWEDNONG
HEALTH LINK**

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S 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, 2023
- the statement of operations and 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, 2023 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.



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- 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 27, 2023

GIWEDNONG HEALTH LINK

Statement of Financial Position

March 31, 2023, with comparative information for 2022

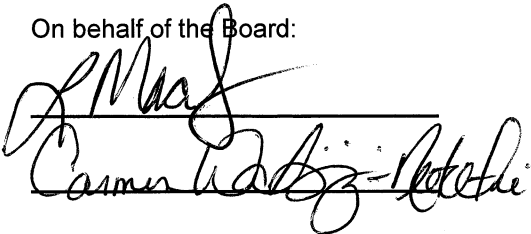
| | 2023 | 2022 |
|---------------------------|------------|------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 117,644 | \$ 203,590 |
| Accounts receivable | 22,268 | 4,208 |
| Prepaid expenses (note 2) | 348,770 | 533,244 |
| | 488,682 | 741,042 |
| Capital assets (note 3) | 30,492 | 22,559 |
| | \$ 519,174 | \$ 763,601 |

Liabilities and Net Assets

| | | |
|---|------------|------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 4) | \$ 88,617 | \$ 148,542 |
| Deferred contributions (note 5) | 399,868 | 592,225 |
| | 488,485 | 740,767 |
| Deferred capital contributions (note 6) | 3,731 | 4,975 |
| | 492,216 | 745,742 |
| Net assets: | | |
| Investment in capital assets (note 7) | 26,761 | 17,584 |
| Operating | 197 | 275 |
| | 26,958 | 17,859 |
| Commitments (note 8) | | |
| | \$ 519,174 | \$ 763,601 |

See accompanying notes to financial statements.

On behalf of the Board:


Carmen Rodriguez-Rodriguez

GIIWEDNONG HEALTH LINK

Statement of Operations and Changes in Net Assets

Year ended March, 2023, with comparative information for 2022

| | Operating | Invested in Capital Assets | 2023 | 2022 |
|---|------------|-------------------------------|------------|------------|
| Revenue: | | | | |
| Indigenous Services Canada | \$ 895,040 | \$ - | \$ 895,040 | \$ 895,040 |
| Member First Nation EMR fees (note 9) | 85,680 | - | 85,680 | 92,489 |
| North Bay Indigenous Hub | 8,358 | - | 8,358 | 2,941 |
| Amortization of deferred capital contributions | - | 1,244 | 1,244 | 1,244 |
| Gain on disposal of assets | 372 | - | 372 | - |
| | 989,450 | 1,244 | 990,694 | 991,714 |
| Expenses: | | | | |
| Salaries and benefits | 601,445 | - | 601,445 | 592,349 |
| EMR fees and services (note 9) | 98,384 | - | 98,384 | 99,106 |
| Board of Directors | 37,585 | - | 37,585 | 11,162 |
| EMR customization and eHealth | 46,136 | - | 46,136 | 58,461 |
| Travel | 43,434 | - | 43,434 | 6,897 |
| Professional fees | 34,057 | - | 34,057 | 83,715 |
| Rent | 20,030 | - | 20,030 | 20,750 |
| Office, general and communications | 18,102 | - | 18,102 | 17,364 |
| Insurance | 14,565 | - | 14,565 | 14,156 |
| Telephone and utilities | 14,245 | - | 14,245 | 13,962 |
| Amortization of capital assets | - | 13,082 | 13,082 | 14,561 |
| Technology | 11,760 | - | 11,760 | 16,005 |
| Strategic planning | 9,591 | - | 9,591 | - |
| Professional development | 8,676 | - | 8,676 | 7,989 |
| Capacity building | 7,963 | - | 7,963 | 37,100 |
| Interest and bank charges | 1,587 | - | 1,587 | 1,688 |
| Recruitment costs | 953 | - | 953 | 665 |
| | 968,513 | 13,082 | 981,595 | 995,930 |
| Excess (deficiency) of revenue over expenses before transfers | 20,937 | (11,838) | 9,099 | (4,216) |
| Net assets, beginning of year | 275 | 17,584 | 17,859 | 22,075 |
| Transfers for capital assets | (21,015) | 21,015 | - | - |
| Net assets, end of year | \$ 197 | \$ 26,761 | \$ 26,958 | \$ 17,859 |

See accompanying notes to financial statements.

GIIWEDNONG HEALTH LINK

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|--|------------|------------|
| Cash provided by (used in): | | |
| Operations: | | |
| Excess (deficiency) of revenue over expenses | \$ 9,099 | \$ (4,216) |
| Items not involving cash: | | |
| Amortization of capital assets | 13,082 | 14,561 |
| Amortization of deferred capital contributions | (1,244) | (1,244) |
| Gain on disposal of assets | (372) | - |
| | 20,565 | 9,101 |
| Changes in non-cash operating working capital: | | |
| Increase in accounts receivable | (18,060) | (4,208) |
| Decrease in prepaid expenses | 184,474 | 210,629 |
| Decrease in accounts payable and accrued liabilities | (59,925) | (2,797) |
| Decrease in deferred contributions | (192,357) | (217,418) |
| | (65,303) | (4,693) |
| Capital activities: | | |
| Purchase of capital assets | (20,643) | (9,028) |
| Decrease in cash | (85,946) | (13,721) |
| Cash, beginning of year | 203,590 | 217,311 |
| Cash, end of year | \$ 117,644 | \$ 203,590 |

See accompanying notes to financial statements.

GIIWEDNONG HEALTH LINK

Notes to Financial Statements

Year ended March 31, 2023

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 |

GIWEDNONG HEALTH LINK

Notes to Financial Statements (continued)

Year ended March 31, 2023

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 original 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). The remaining amount included within the prepaid expenses as of March 31, 2023 is \$336,842. Also included in prepaid expenses are other amounts totaling \$11,928 resulting in total prepaid expenses of \$348,770.

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Notes to Financial Statements (continued)

Year ended March 31, 2023

3. Capital assets:

| | | | 2023 | 2022 |
|--------------------|-------------------|--------------------------|------------------|------------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Office equipment | \$ 23,977 | \$ 19,187 | \$ 4,790 | \$ 5,252 |
| Furniture | 28,498 | 12,011 | 16,487 | 11,722 |
| Computer equipment | 58,117 | 48,902 | 9,215 | 5,585 |
| | <u>\$ 110,592</u> | <u>\$ 80,100</u> | <u>\$ 30,492</u> | <u>\$ 22,559</u> |

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$11,188 (2022 - \$8,317) which includes amounts payable for payroll related taxes.

5. Deferred contributions:

| | 2023 | 2022 |
|------------------------------|-------------------|-------------------|
| Indigenous Services Canada | \$ 336,842 | \$ 525,473 |
| North Bay Indigenous Hub | 56,230 | 51,388 |
| Mnaamodzawin Health Services | 6,796 | 15,364 |
| | <u>\$ 399,868</u> | <u>\$ 592,225</u> |

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:

| | 2023 | 2022 |
|-----------------------------------|-----------------|-----------------|
| Balance, beginning of year | \$ 4,975 | \$ 6,219 |
| Less amounts amortized to revenue | (1,244) | (1,244) |
| Balance, end of year | <u>\$ 3,731</u> | <u>\$ 4,975</u> |

GIIWEDNONG HEALTH LINK

Notes to Financial Statements (continued)

Year ended March 31, 2023

7. Invested in capital assets:

Capital net assets are calculated as follows:

| | 2023 | 2022 |
|--------------------------------|-----------|-----------|
| Capital assets | \$ 30,492 | \$ 22,559 |
| Amounts financed by: | | |
| Deferred capital contributions | (3,731) | (4,975) |
| | \$ 26,761 | \$ 17,584 |

8. Commitments:

- (a) The Organization rents two premises under operating leases. The leases expire on March 31, 2024 with a combined commitment of \$24,980 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:

| | |
|------|------------|
| 2024 | \$ 168,421 |
| 2025 | 168,421 |
| | \$ 336,842 |

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

GIIWEDNONG HEALTH LINK

Notes to Financial Statements (continued)

Year ended March 31, 2023

9. EMR Fees Paid to Telus Health :

In accordance with the Service Level Agreements (SLA) with the GHL member First Nations, the total annual amounts remitted to Telus HEALTH for the SLA EMR fees was \$85,680. The following is the payment listing per each First Nation.

| | Fee Per Month | April 1, 2022 to March 31, 2023 | Total |
|--------------------------------|---------------|------------------------------------|------------------|
| Atikameksheng Anishnawbek | \$ 714 | 12 | \$ 8,568 |
| Serpent River First Nation | 714 | 12 | 8,568 |
| Sagamok Anishnawbek | 714 | 12 | 8,568 |
| Mississauga First Nation | 714 | 12 | 8,568 |
| Thessalon First Nation | 714 | 12 | 8,568 |
| Batchewana First Nation | 714 | 12 | 8,568 |
| Wiikwemkoong Unceded Territory | 714 | 12 | 8,568 |
| M'Chigeeng First Nation | 714 | 12 | 8,568 |
| Mnaamdozawin Health Services | 714 | 12 | 8,568 |
| Garden River First Nation | 714 | 9 | 8,568 |
| Total | | | \$ 85,680 |

10. 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, 2023, \$Nil (2022 - \$Nil) has been drawn on this operating line of credit.

11. Economic dependence:

A substantial portion of the Organization's revenue is derived from funding from Indigenous Services Canada. This one funder accounted for 90.3% (2022 - 90.3%). The loss of this relationship would have a significant impact on the Organization's revenue and operations.

GIIWEDNONG HEALTH LINK

Notes to Financial Statements (continued)

Year ended March 31, 2023

12. 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.