

LINKS2CARE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

LINKS2CARE

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YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of: Links2Care

Opinion

We have audited the accompanying financial statements of Links2Care, which comprise the statement of financial position as at March 31, 2020 and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Links2Care as at March 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Basis of 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 report. We are independent of Links2Care 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at RLB LLP's website at: www.rlb.ca/additional-auditor-responsibilities. This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'RLB LLP'.


Guelph, Ontario
June 25, 2020


Chartered Professional Accountants
Licensed Public Accountants

LINKS2CARE
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 1,456,327	\$ 588,220
Short term investments (note 6)	200,938	306,923
Accounts and contributions receivable	135,285	119,018
Prepaid expenses	<u>43,278</u>	<u>57,232</u>
	1,835,828	1,071,393
LONG TERM INVESTMENTS (note 6)	-	198,477
PROPERTY AND EQUIPMENT (note 5)	<u>72,898</u>	<u>97,130</u>
	<u>\$ 1,908,726</u>	<u>\$ 1,367,000</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 275,269	\$ 206,666
Government remittances payable	91,566	72,205
Deferred contributions (note 9)	109,434	45,586
Surplus funding payable (note 4)	<u>807,796</u>	<u>432,698</u>
	<u>1,284,065</u>	<u>757,155</u>
NET ASSETS		
UNRESTRICTED GENERAL FUND	332,356	317,540
EXTERNALLY RESTRICTED LOTTERY FUND	10,529	10,529
INTERNALLY RESTRICTED DEVELOPMENT FUND	<u>281,776</u>	<u>281,776</u>
	<u>624,661</u>	<u>609,845</u>
	<u>\$ 1,908,726</u>	<u>\$ 1,367,000</u>

APPROVED ON BEHALF OF THE BOARD:

 _____ Shelley Martin, Board Chair

 _____ Paulette Jervis, Treasurer

LINKS2CARE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020

	Unrestricted General Fund	Externally Restricted Lottery Fund	Internally Restricted Development Fund	2020	2019
NET ASSETS, beginning of year	\$ 317,540	\$ 10,529	\$ 281,776	\$ 609,845	\$ 780,474
Excess (deficiency) of revenues over operating expenditures for the year	<u>14,816</u>	<u>-</u>	<u>-</u>	<u>14,816</u>	<u>(170,629)</u>
NET ASSETS, end of year	<u>\$ 332,356</u>	<u>\$ 10,529</u>	<u>\$ 281,776</u>	<u>\$ 624,661</u>	<u>\$ 609,845</u>

LINKS2CARE**STATEMENT OF REVENUES AND EXPENDITURES****FOR THE YEAR ENDED MARCH 31, 2020**

	2020	2019
REVENUES		
Provincial - Local Health Integration Network	\$ 5,001,249	\$ 4,751,094
Regional - Children's Programs (note 8)	613,209	605,732
Regional - Homelessness Programs	65,632	65,700
Regional - Community Investment Fund	31,500	-
United Way of Halton Hills	10,130	12,537
Other grants	9,995	32,661
Service fees and other	942,826	955,457
Donations	29,333	47,450
Fundraising	-	641
Rent	39,448	30,991
Service clubs and foundation revenue	13,711	9,393
Interest	13,402	14,236
	<u>6,770,435</u>	<u>6,525,892</u>
EXPENDITURES		
Employee wages and benefits	5,418,647	5,350,215
Program supplies and expenses	189,203	134,088
Building occupancy	378,740	378,586
Office	199,184	164,142
Mileage and travel	56,207	160,236
Contracted services	114,723	146,252
Professional fees	112,590	33,304
Other operating expenses	79,282	81,470
Amortization	24,233	52,143
Equipment and software	174,404	24,611
Staff training	5,355	15,137
Bad debts	3,051	-
	<u>6,755,619</u>	<u>6,540,184</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	14,816	(14,292)
OTHER EXPENSES		
AlayaCare development costs	-	(156,337)
NET TRANSFER TO UNRESTRICTED FUND	<u>-</u>	<u>170,629</u>
INCREASE TO UNRESTRICTED NET ASSETS for the year	<u>\$ 14,816</u>	<u>\$ -</u>

LINKS2CARE**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2020**

	2020	2019
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures for the year	\$ 14,816	\$ (170,629)
Items not requiring an outlay of cash		
Amortization	<u>24,233</u>	<u>52,143</u>
	39,049	(118,486)
Changes in non-cash working capital		
Accounts and contributions receivable	(16,267)	288,526
Prepaid expenses	13,954	(26,308)
Accounts payable and accrued liabilities	68,603	(435,989)
Government remittances payable	19,361	(31,843)
Deferred contributions	63,848	(28,904)
Surplus funding payable	<u>375,098</u>	<u>308</u>
	<u>563,646</u>	<u>(352,696)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Long term investments	198,476	(3,708)
Short term investments	<u>105,985</u>	<u>494,427</u>
	<u>304,461</u>	<u>490,719</u>
NET INCREASE IN CASH	868,107	138,023
NET CASH, BEGINNING OF YEAR	<u>588,220</u>	<u>450,197</u>
NET CASH, END OF YEAR	<u>\$ 1,456,327</u>	<u>\$ 588,220</u>

LINKS2CARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

1. NATURE OF ORGANIZATION

Links2Care is a not for profit organization incorporated under the laws of Ontario without share capital. It is a registered charity under the Income Tax Act and is exempt from income tax. Its purpose is to support people of all ages in the development of a caring and responsive community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions. Under this method, unrestricted contributions are recorded as revenue when received or receivable, as they do not require the performance of an activity. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. If restricted contributions relate to expenses of future periods, they would be deferred and recorded as revenue in the period the expenses are incurred.

Capital grants, where significant, are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Government grants for non-specific users are taken into revenue over the period to which they apply. Government grants pertaining to specific projects are recognized as revenue as related project expenses are incurred.

Service fees and other sources of revenue are recorded using the accrual method and recognized in the year the service is rendered and when collection is reasonably assured.

(b) NET ASSETS OF THE ORGANIZATION

The net assets of the organization represent the excess of accumulated revenues and contributions over the expenses at the Statement of Financial Position date. In total, these funds provide liquidity and also a reserve from which to draw when unforeseen expenses arise. For greater clarity, the organization has sub-divided net assets into three funds: the Lottery Fund, the Development Fund and the General Operating Fund.

The Lottery Fund consists of net proceeds from Nevada lottery ticket sales, which have always been kept in a separate bank account. The Nevada net proceeds are restricted and must be expended according to the stated goals on the lottery license application filed with the Alcohol and Gaming Commission of Ontario. The stated goals are to support or expand community services delivered by the organization. At year end, \$nil was transferred (2019 - \$712 was transferred to the unrestricted operating fund, representing residual fund reserves in excess of the actual externally restricted bank account balance).

LINKS2CARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) NET ASSETS OF THE ORGANIZATION (continued)

The purpose of the Development Fund is to provide for the establishment of new programs, the acquisition of capital assets, or such other purposes as the Board decides are in the best interests of the organization. By resolution of the Board, the Development Fund may be increased or decreased in size by transfers to or from the General Operating Fund. During the year, the organization transferred \$nil to the unrestricted fund from the development fund (2019 - \$169,917 to the unrestricted operating fund to cover the cost of the Alaya care software and hardware purchased within the year as well as other specialized project work).

The General Operating Fund holds the remainder of net assets, providing liquidity to the organization. These net assets represent program funding, accumulated surplus from client fees and donations, and other assets.

(c) SHORT AND LONG TERM INVESTMENTS

As part of its cash management strategy the organization purchases various short and long term investments. The short term investments consist primarily of GIC's and high interest savings accounts with original maturities at date of purchase beyond three months and less than twelve months. Long term investments comprise the same type of investment but with maturities greater than twelve months. Both are carried at fair value which approximates cost.

(d) LEASES

Leases are classified as either capital or operating leases. A lease that transfers substantially all the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred. At the inception of a capital lease, an asset and obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease.

LINKS2CARE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for short term investments, which are measured at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net surplus.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(f) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost or deemed cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and method:

Furniture and fixtures	- 5	years straight line basis
Leasehold improvements	- 5 to 10	years straight line basis
Computer software	- 3	years straight line basis

The organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed capital assets are recognized as revenue on the same basis as the amortization expense on the capital assets.

(g) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include contributions receivable, allowance for doubtful accounts, amortization and accrued liabilities. Actual results could differ from those estimates.

LINKS2CARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) CASH AND CASH EQUIVALENTS

The organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and short term investments. Short term investments that the organization cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

(i) ALLOCATED EXPENSES

The organization allocates certain of its administrative expenses by identifying the appropriate basis of allocating each component expense. The organization allocates its administration expenses based on the time spent by program staff, or proportionate share of its related expenses, to the various categories. During the year, \$1,754,875 (2019 - \$1,566,388) of administration expenses were allocated to 27 programs (2019 - 22 programs), based on the identification, time, and effort spent on these programs.

(j) CONTRIBUTED MATERIALS AND SERVICES

The organization relies on donated goods and services, including the services of the Board of Directors, to carry out its objectives. Where the amount can be estimated and would be purchased from a third party, if not donated, it is recorded in the financial statements at fair value. If the value of the donated good or service cannot be estimated, or would not be purchased from a third party in other circumstances, then it is not recorded in the financial statements. Management estimates that 146 volunteers (2019 - 165 volunteers) provided over 8,061 hours (2019 - 8,914 hours) of service to the organization. These volunteer hours have not been recorded as expenses in these financial statements.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the organization's exposure to these risks did not change in 2020 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

4. SURPLUS FUNDING PAYABLE

Surplus funding payable represents the amount of excess funding received over annual expenses that is repayable to various government ministries including the Ontario Ministry of Health and Long-Term Care. At year end, \$807,796 (2019 - \$432,698) is required to be returned.

	2020	2019
2017 Ministry of Health and Long-Term Care - Personal Support Worker Training Fund	\$ -	\$ 342,949
Local Health Integration Network - Community Support Services Programs	<u>807,796</u>	<u>89,749</u>
Total surplus funding payable	<u>\$ 807,796</u>	<u>\$ 432,698</u>

LINKS2CARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2020	Net 2019
Furniture and fixtures	\$ 275,364	\$ 267,737	\$ 7,627	\$ 15,254
Leasehold improvements	192,734	127,463	65,271	77,459
Computer software	<u>13,252</u>	<u>13,252</u>	<u>-</u>	<u>4,417</u>
	<u>\$ 481,350</u>	<u>\$ 408,452</u>	<u>\$ 72,898</u>	<u>\$ 97,130</u>

6. INVESTMENTS

The organization has two GICs (2019 - five) and zero high interest savings accounts (2019 - zero) at BMO Investorline. The short term investments consist of the following:

	2020	2019
Short term Guaranteed Investment Certificate (GIC)		
Canadian Western Bank GIC, interest at 2.25%, matured January 9, 2020	\$ -	\$ 99,553
Bank of Montreal Mortgage GIC (30 day cashable), interest at 1.65%, matured December 5, 2019	-	105,513
BMO Trust GIC, interest at 2.61%, matured January 22, 2020	-	101,857
Concentra Bank GIC, interest at 3.00%, due January 18, 2021	98,674	-
Equitable Bank GIC, interest at 2.46%, due January 11, 2021	<u>102,264</u>	<u>-</u>
	<u>\$ 200,938</u>	<u>\$ 306,923</u>
Long term Guaranteed Investment Certificate (GIC)		
Concentra Bank GIC, interest at 3.00%, due January 18, 2021	\$ -	\$ 98,675
Equitable Bank GIC, interest at 2.46%, due January 11, 2021	<u>-</u>	<u>99,802</u>
	<u>\$ -</u>	<u>\$ 198,477</u>

7. LEASE COMMITMENTS

The organization has multiple long term leases with respect to its premises, as well as long term leases with respect to office equipment. The premises leases contain renewal options and provides for payment of property taxes. Future minimum lease payments as at year end are as follows:

2021	\$ 408,754
2022	324,302
2023	255,131
2024	245,016
2025	<u>47,148</u>
	<u>\$ 1,280,351</u>

LINKS2CARE**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2020**

8. CHILDREN'S PROGRAMS

The organization runs child programs in partnership with the Region of Halton. At year end, the breakdown of child program revenue was as follows:

	2020	2019
Region of Halton - EarlyON	\$ 485,915	\$ 488,952
Region of Halton - One time funding	63,348	56,965
Region of Halton - EarlyON and Before and After School wage grants	<u>63,946</u>	<u>59,815</u>
	<u>\$ 613,209</u>	<u>\$ 605,732</u>

9. DEFERRED CONTRIBUTIONS

Deferred contributions represent the amount of restricted contributions that are related to expenses of future periods. When the expenses are incurred, the matching contributions will be recognized as revenue. At year end, \$109,434 (2019 - \$45,586) of the cash balance is restricted to be used for future programs.

	2020	2019
Programs		
LEAP Program	\$ 19,900	\$ 23,722
Halton Region	73,500	500
Ontario Early Years Program	<u>-</u>	<u>1,909</u>
	93,400	26,131
Property and equipment		
Georgetown renovations funding	6,274	7,571
Advancement of Community Practice	<u>9,760</u>	<u>11,884</u>
	<u>\$ 109,434</u>	<u>\$ 45,586</u>

10. ACCREDITATION

The service accountability agreement requires the health service provider to be accredited by a recognized accreditation body. This accreditation ensures that the organization has met the required standards of quality set out by the agreement. Links2Care received a three year accreditation from CARF International which expires on June 30, 2021.

11. SUBSEQUENT EVENT

Subsequent to year end, on April 1, 2020, the organization entered into an agreement to repay \$67,440 in blended monthly instalments, with interest at 6% per annum, to be repaid along with regular lease payments to Knolcrest Properties Limited, the leasing agent, in return for leasehold improvements.

LINKS2CARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

12. UNCERTAINTY DUE TO COVID-19

Subsequent to year end, the impact of the Novel Coronavirus (COVID-19) in Canada and on the global economy increased significantly. This global pandemic has disrupted economic activities and has resulted in the Federal and Provincial governments implementing shutdowns across the country, affecting certain programming and services within the organization. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. Further, the timing and amounts realized on the organization's assets as well as its future ability to deliver all programming may be impacted by the evolving circumstances of the virus.