

LINKS2CARE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

LINKS2CARE

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YEAR ENDED MARCH 31, 2023

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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, 2023 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, 2023 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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 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 organization'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 organization'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 organization 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.

We 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.



Guelph, Ontario
June 21, 2023

Chartered Professional Accountants
Licensed Public Accountants

LINKS2CARE

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 3,207,880	\$ 3,087,814
Short term investments (note 7)	-	400,353
Accounts and contributions receivable	173,677	108,574
Prepaid expenses	<u>43,815</u>	<u>41,871</u>
	3,425,372	3,638,612
PROPERTY AND EQUIPMENT (note 5)	<u>76,615</u>	<u>94,838</u>
	<u>\$ 3,501,987</u>	<u>\$ 3,733,450</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 525,836	\$ 407,119
Government remittances payable	106,035	84,299
Deferred contributions (note 10)	331,377	241,150
Surplus funding payable (note 4)	1,901,405	2,335,299
Current portion of long term debt (note 6)	-	14,682
	<u>2,864,653</u>	<u>3,082,549</u>
LONG TERM DEBT (note 6)	<u>-</u>	<u>26,240</u>
NET ASSETS		
UNRESTRICTED GENERAL FUND	345,029	332,356
EXTERNALLY RESTRICTED LOTTERY FUND	10,529	10,529
INTERNALLY RESTRICTED DEVELOPMENT FUND	<u>281,776</u>	<u>281,776</u>
	<u>637,334</u>	<u>624,661</u>
	<u>\$ 3,501,987</u>	<u>\$ 3,733,450</u>

APPROVED ON BEHALF OF THE BOARD:

Bruce Catoen

Bruce Catoen, Board Chair

Paulette Jervis

Paulette Jervis, Treasurer

LINKS2CARE

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2023

	Unrestricted General Fund	Externally Restricted Lottery Fund	Internally Restricted Development Fund	2023	2022
NET ASSETS, beginning of year	\$ 332,356	\$ 10,529	\$ 281,776	\$ 624,661	\$ 624,661
Excess of revenues over expenditures for the year	<u>12,673</u>	<u>-</u>	<u>-</u>	<u>12,673</u>	<u>-</u>
NET ASSETS, end of year	<u><u>\$ 345,029</u></u>	<u><u>\$ 10,529</u></u>	<u><u>\$ 281,776</u></u>	<u><u>\$ 637,334</u></u>	<u><u>\$ 624,661</u></u>

LINKS2CARE**STATEMENT OF REVENUES AND EXPENDITURES****FOR THE YEAR ENDED MARCH 31, 2023**

	2023	2022
REVENUES		
Provincial - Ontario Health Central	\$ 5,259,132	\$ 4,994,145
Regional Government Funding (note 9)	887,077	619,333
Service fees and other	621,197	562,739
Other grants	364,843	205,723
Service clubs and foundation revenue	105,935	55,245
Fundraising	40,120	5,886
Donations	22,042	46,170
United Way of Halton Hills	14,115	12,310
	<u>7,314,461</u>	<u>6,501,551</u>
EXPENDITURES		
Employee wages and benefits	5,648,655	5,137,726
Building occupancy	405,240	420,936
Program supplies and expenses	391,942	203,625
Contracted services	214,549	227,045
Office	145,563	105,795
Mileage and travel	122,415	86,098
Catering expenses	81,397	83,121
General other sundry	79,802	65,406
Other fees	58,877	15,588
Equipment and software	42,452	60,265
Fundraising proceeds used	40,120	2,372
Professional fees	33,274	61,947
Advertising, marketing and promotion	29,105	22,667
Service charges	8,397	8,960
	<u>7,301,788</u>	<u>6,501,551</u>
EXCESS OF REVENUES OVER EXPENDITURES for the year	\$ <u>12,673</u>	\$ <u>-</u>

LINKS2CARE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 12,673	\$ -
Items not requiring an outlay of cash		
Amortization	19,003	18,941
Changes in non-cash working capital		
Accounts and contributions receivable	(65,103)	8,738
Prepaid expenses	(1,944)	2,112
Accounts payable and accrued liabilities	118,717	127,976
Government remittances payable	21,736	(15,658)
Deferred contributions	90,227	142,778
Surplus funding payable	<u>(433,894)</u>	<u>721,487</u>
	<u>(238,585)</u>	<u>1,006,374</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Long term debt	<u>(40,922)</u>	<u>(13,829)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to property and equipment	(780)	-
Short term investments	<u>400,353</u>	<u>(400,353)</u>
	<u>399,573</u>	<u>(400,353)</u>
NET INCREASE IN CASH	120,066	592,192
NET CASH, BEGINNING OF YEAR	<u>3,087,814</u>	<u>2,495,622</u>
NET CASH, END OF YEAR	<u>\$ 3,207,880</u>	<u>\$ 3,087,814</u>

LINKS2CARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

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.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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:

Leasehold improvements - 5 to 10 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) IMPAIRMENT OF LONG LIVED ASSETS

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(h) 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.

(i) 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.

(j) 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, \$2,137,944 (2022 - \$1,980,528) of administration expenses were allocated to 26 programs (2022 - 27 programs), based on the identification, time, and effort spent on these programs.

LINKS2CARE**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2023**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(k) 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. It is the organization's policy that in-kind donations or contributions are not recognized in the financial statements. Management estimates that 190 volunteers (2022 - 224 volunteers) provided over 3,189 hours (2022 - 2,546 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 2023 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 Ontario Ministry of Health and the Region of Halton. At year end, \$1,901,405 (2022 - \$2,335,299) is required to be returned.

	2023	2022
Ontario Health Central	\$ 1,866,570	\$ 2,236,488
Region of Halton	<u>34,835</u>	<u>98,811</u>
Total surplus funding payable	<u>\$ 1,901,405</u>	<u>\$ 2,335,299</u>

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2023	Net 2022
Leasehold improvements	\$ <u>260,953</u>	\$ <u>184,338</u>	\$ <u>76,615</u>	\$ <u>94,838</u>

6. LONG TERM DEBT

	2023	2022
Knolcrest loans, interest at 6% per annum, principal repayable over 60 months, secured by the lease, repaid in 2023	\$ 0	\$ 40,922
Less current portion: Cash repayments required within 12 months	<u>0</u>	<u>14,682</u>
	<u>\$ 0</u>	<u>\$ 26,240</u>

LINKS2CARE**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2023**

7. INVESTMENTS

The short term investments consist of the following:

	2023	2022
Short term Guaranteed Investment Certificate (GIC)		
Bank of Montreal GIC, interest at 0.20%, matured October 20, 2022	<u>-</u>	<u>400,353</u>
	<u>\$ -</u>	<u>\$ 400,353</u>

8. 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:

2024	\$ 236,069
2025	115,648
2026	<u>90,907</u>
	<u>\$ 442,624</u>

9. REGIONAL GOVERNMENT FUNDING

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

	2023	2022
Region of Halton - EarlyON	\$ 552,587	\$ 397,638
Region of Halton - Community support	99,100	75,831
Region of Halton - Older adults support	72,202	76,239
Region of Halton - One time funding	46,370	-
Region of Halton - School age programs	<u>116,818</u>	<u>69,625</u>
	<u>\$ 887,077</u>	<u>\$ 619,333</u>

LINKS2CARE**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2023**

10. 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, \$331,377 (2022 - \$241,150) of the cash balance is restricted to be used for future programs.

	2023	2022
Programs		
LEAP Program	\$ 97,353	\$ 65,309
Halton Region	226,469	145,369
Other programs	<u>1,780</u>	<u>21,277</u>
	325,602	231,955
Property and equipment		
Georgetown renovations funding	2,388	3,683
Advancement of Community Practice	<u>3,387</u>	<u>5,512</u>
	<u>\$ 331,377</u>	<u>\$ 241,150</u>

11. 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, 2024.

12. IMPACT OF THE COVID-19 PANDEMIC

As the pandemic continues to evolve with the emergence of new variants, organizations may experience conditions often associated with general economic downturn, including but not limited to, financial market volatility, declining credit, potential return of government intervention, changes in labour markets, and other restructuring activities. The continuation of these circumstances could have a negative impact on an organization's financial condition and results. Further, inflation, supply-chain disruptions, and labour shortages are affecting organizations to varying degrees.

The ongoing impact of the COVID-19 pandemic and the uncertain economic conditions affecting major markets and economies still remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the organization for future periods.