Consolidated Financial Statements of

PARTNERS COMMUNITY HEALTH

Year ended March 31, 2023

PARTNERS COMMUNITY HEALTH

Consolidated Statement of Financial Position

March 31, 2023

	2023	2022 (unaudited)
Assets		
Current assets:		
Cash	$ 4,138,263	$ 1,006,407
Accounts receivable	518,707	323,303
Harmonized sales tax recoverable	490,667	61,110
Prepaid expenses	172,568	132,620
	5,320,205	1,523,440
Property and Equipment (note 2)	85,535	-
Intangible Assets (note 2)	177,280	443,201
Cash in trust (note 3)	17,154	-
	$ 5,600,174	$ 1,966,641
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,866,814	$ 2,723,345
Note Payable to Related Party (note 4)	2,500,000	1,000,000
	9,366,814	3,723,345
Funds held in trust	17,154	-
Deferred capital contributions (note 6)	564,959	-
Net assets:		
Unrestricted	(4,348,753)	(1,756,704)
	$5,600,174	$ 1,966,641

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

Jeff Lozon, Chair

Director: Jeff Lozon

Karen Wensley

Director: Karen Wensley

PARTNERS COMMUNITY HEALTH

Consolidated Statement of Operations

Year ended March 31, 2023

	2023	2022 (unaudited)
Revenues:		
Ministry of Health and Ministry of Long-Term Care:	$19,890,524	$ -
Resident co-payment	160,324	-
Other Revenue	191,409	2,204
Amortization of deferred capital contributions	446	-
Total revenues	20,242,703	2,204
Expenses:		
Salaries, wages and benefits	17,069,350	672,097
Operating Expenses	5,394,380	1,086,811
Financial:		
Interest	84,662	-
Depreciation of property and equipment and intangibles	286,360	-
Total expenses	22,834,752	1,758,908
Excess of revenues over expenses	$(2,592,049)	$(1,756,704)

See accompanying notes to the consolidated financial statements.

PARTNERS COMMUNITY HEALTH

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2023

March 31, 2023	Total Unrestricted
Balance, beginning of year	$(1,756,704)
(Deficiency) excess of revenues over expenses	(2,592,049)
Net change in investment in property and equipment	-
Balance, end of year	$(4,348,753)

March 31, 2022 (unaudited)	Total Unrestricted
Balance, beginning of year	$ -
(Deficiency) excess of revenues over expenses	(1,756,704)
Net change in investment in property and equipment	-
Balance, end of year	$(1,756,704)

See accompanying notes to the consolidated financial statements.

PARTNERS COMMUNITY HEALTH

Consolidated Statement of Cash Flows

Year ended March 31, 2023

	2023	2022 (unaudited)
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	$ (2,592,049)	$ (1,756,704)
Items not involving cash:		
Depreciation of property and equipment	20,440	-
Depreciation of intangibles	265,920	-
Amortization of deferred capital contributions	(446)	-
Change in non-cash operating working capital balances:		
Accounts receivable	(195,404)	(323,303)
Prepaid expenses	(39,948)	(132,620)
Accounts payable	4,143,468	2,723,345
Harmonized sales tax recoverable	(429,556)	(61,110)
Cash flow from operating activities	1,172,425	449,608
Capital activities:		
Purchases	(105,974)	(443,201)
Contributions received for property and equipment	565,405	-
Cash flow used in capital activities	459,431	(443,201)
Financing activity:		
Note Payable	1,500,000	1,000,000
Cash flow used in financing activities	1,500,000	1,000,000
Change in cash	3,131,856	1,006,407
Cash, beginning of year	1,006,407	-
Cash, end of year	$ 4,138,263	$ 1,006,407

See accompanying notes to the consolidated financial statements.

Partners Community Health (PCH) is incorporated without share capital under the laws of Ontario. PCH provides healthcare and accommodation to residents of Mississauga and the surrounding communities. PCH is exempt from income taxes under the Income Tax Act.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. No statement of remeasurement gains and losses has been included as there is nothing to report therein.

Significant accounting policies are as follows:

(a) Revenue recognition:

PCH follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and Regulations thereto, PCH is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Ministry of Long-Term Care (the “Ministries”). 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.

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.

Revenue from the residents' co-insurance and preferred accommodation, is recognized when the service is provided and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of property and equipment are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related property and equipment.

1. Significant accounting policies (continued):

(b) Financial Instruments:

Financial instruments are financial assets or liabilities of PCH that, in general, provide the PCH the right to receive cash or another financial asset from another party or require the PCH to pay another party cash or other financial assets.
All financial instruments reported on the statement of financial position of PCH are classified as follows:

Cash	amortized cost
Accounts receivable	amortized cost
Accounts payable and accrued liabilities	amortized cost
Note payable	amortized cost

Transaction costs incurred in relation to the issuance of long-term debt are netted against the amortized cost.

(c) Property and equipment:

Property and equipment are stated at cost less accumulated amortization. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to PCH's ability to provide services, its carrying amount is written down to its residual value. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Asset	Method	Years
Leasehold Improvements	Straight-line method	2
Equipment	Straight-line method	3 - 15

(c) Intangible Assets:

Intangible assets are stated at cost less accumulated amortization. Amortization for definite lived intangible assets is calculated using the straight-line method over 20 months.

1. Significant accounting policies (continued):

(d) Impairment of long-lived assets:

Long-lived assets are reviewed annually for impairment or decommissioning. An impairment charge is recorded for long-lived assets when a capital asset no longer has any long-term service potential. The impairment loss is calculated as the difference between the net carrying value of the asset over any residual value.

(e) Pension

(i) Defined Contribution Plans:

Eligible employees of PCH are members of the Nursing Homes and Related Employer Pension Plan (NHRIPP). This plan is a multi-employer defined contribution plan. As NHRIPP's assets and liabilities are not segmented by participating employer, PCH accounts for contributions made to the plan as a defined contribution plan. Accordingly, contributions are included in salaries and benefits expense in the year the contributions are made.

(ii) Defined Benefit Plans:

Eligible executive employees and President of PCH are members of a pension plan established with Canada Life in 2022. PCH accounts for contributions made to the plan as a defined benefit plan. Accordingly, contributions are included in salaries and benefits expense in the year the contributions are made.

The cost of post-employment benefits earned by employees is actuarially determined using the accrued benefit method, pro-rated on service, and management's best estimate of salary escalation (where applicable), retirement ages of employees and expected health-care costs. The discount rate used to determine the accrued benefit obligation is determined by reference to the rate of return on provincial government and corporate bonds for varying durations based on the cash flows expected from the post-employment benefit obligations. Actuarial gains and losses are amortized over the remaining service lives of the employees. Past service costs relating to plan amendments are expensed when incurred.

(g) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Significant items subject to such estimates include the carrying amount of property and equipment, impairment of accounts receivable and estimation of accrued liabilities. Actual results could differ from those estimates.

(h) Contributed services and materials:

Volunteers contribute numerous hours to assist PCH in carrying out certain aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements. Contributed materials are also not recognized in these financial statements.

2. Property, equipment and intangible assets:

Property and equipment			2023	2022 (unaudited)
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold Improvements	$ 73,761	$ (18,829)	$ 54,932	$ -
Equipment and Software	32,213	(1,610)	30,603	-
	$ 105,974	$ (20,439)	$ 85,535	$ -

Intangible assets			2023	2022 (unaudited)
	Cost	Accumulated amortization	Net book value	Net book value
Brand and licence	$ 443,201	$ (265,921)	$ 177,280	$ 443,201

3. Cash in trust:

Cash in trust is comprised of residents' personal money to provide convenience for those residents who need to have funds maintained in a safe place and readily available for use in PCH. The funds may be used to pay for facility-related transactions approved by the resident or an authorized representative.

4. Related Party:

In fiscal 2022, Trillium Health Partners (THP) acquired the land and building where the Camilla Care (Camilla) long-term care home is situated. PCH is the operator of Camilla Care and leases the Camilla building from THP. THP is also the sole voting member of PCH.

During fiscal year ending March 31, 2023, PCH accrued payables to THP of $3.1 million ($2.1

million in 2022) which is included in accounts payable, accrued liabilities as invoiced transactions and notes payable.

5. Lease commitment:

PCH has a lease for the Camilla Care building with THP. THP owns the Camilla building and the lease originated on April 1, 2022, and terminates in June 2025. The lease payments made by PCH to THP are considered an operating expense.

	2023
2023 Current Expense	$440,000

Future payments required on the lease until its termination in June 2025 are as follows:

2024	$	440,000
2025		110,000
	$	550,000

6. Deferred capital contributions:

Deferred capital contributions represent the unamortized or unspent amount of funds received for the purchase or betterment of property and equipment. The amortization of deferred capital contributions is recorded as revenue in the statement of operations at a rate matching the amortization of the related property and equipment or expenses incurred to better property and equipment as applicable. The changes in the deferred capital contributions balance for the period are as follows:

		2023
Balance, beginning of year	$	-
Capital contributions received in the year		565,405
Less amounts amortized to revenue		(446)
Balance, end of year	$	564,959

7. Pension benefits:

Substantially all of the employees of PCH are eligible to be members of the NHRIPP which is a multi-employer average pay contributory pension plan. Employer contributions made to the plan during the year amounted to $296,585 (nil for 2022). These amounts are included in employee benefits expense on the statement of operations.

There is also a defined benefit pension plan for PCH executives with Canada Life. Employer contributions made to the plan during the year amounted to $75,091 (nil for 2022). These amounts are included in employee benefits expense on the statement of operations.

As at March 31, 2023, the fair value of the pension assets is $95,927, the present value of the funded obligation is $158,439, and a deficit of $62,512, which is included in accounts payable. The plans were established in 2022 and officially recognized by Financial Services Regulatory Authority of Ontario (FSRA) on June 3, 2022.

8. Financial risks:

(a) Credit risk:

Credit risk is the risk of financial loss to PCH if a resident or counterparty to a financial instrument fails to meet its contractual obligations. PCH is exposed to credit risk with respect to accounts receivable.

PCH assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of PCH at March 31, 2023 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts at March 31, 2023 is nil.

(b) Liquidity risk:

Liquidity risk is the risk that PCH will be unable to fulfill its obligations on a timely basis or at a reasonable cost. PCH manages its liquidity risk by monitoring its operating requirements. PCH prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have been no significant changes to the liquidity risk exposure from 2022.

9. COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic.

From the declaration of the pandemic to the date of approval of these financial statements, PCH implemented several initiatives including:

- Enhanced infection prevention and control measures including screening, isolations, increased use of personal protective equipment and increased cleaning; and,
- The purchase of equipment and supplies, the hiring of additional staff, and implemented staff retention strategies, in order to create capacity for pandemic response.

The impacts on PCH of numerous initiative the Ministry of Long-Term Care implemented to address the pandemic are summarized below.

a) *COVID-19 prevention and containment:*

Long-term care homes have been provided with ongoing funds to support any necessary incremental expenditures that will help prevent and contain outbreaks. Total funding received at March 31, 2023 was $968,200 and the amount not utilized ($195,938) has been recorded as accounts payable. It is not expected that this funding along with offsetting expenses will continue in 2023/24.

10. Partners Community Health Operations

Partners Community Health is a charitable not-for-profit organization founded in 2021.

On March 31st, 2022, PCH acquired the Camilla Care long-term care operations from Sienna Senior Living. PCH has been operating the long-term care home since that day and the purchase for the Camilla Care operations is recorded as an intangible asset on the PCH financial statements:

Purchase Price	$ 388,632
Assets Purchased:	$ 713,334
Liabilities Assumed:	$ 897,290
Working capital adjustment received in cash from Sienna Senior Living	$ 183,956

PCH is currently establishing operations for two new 320 and 312 bed long term care homes located on Speakman Dr. in Mississauga, On. These homes are currently being constructed by THP and will be ready to have the first resident admitted in late fall 2023. Camilla Care is to cease operations in the 2023/24 fiscal year.