HealthPartners Canada

Financial Statements
July 31, 2023

Independent auditor's report

To the Members of HealthPartners Canada

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HealthPartners Canada (the Organization) as at July 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.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at July 31, 2023;
- the statement of changes in net assets for the year then ended;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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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 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 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 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
December 19, 2023

HealthPartners Canada

Statement of Financial Position

As at July 31, 2023

	2023 $	2022 $
Assets		
Current assets		
Cash	3,556,492	2,796,265
Accounts and pledges receivable (note 3)	4,399,780	4,479,870
Prepaid expenses	29,831	19,756
	7,986,103	7,295,891
Capital assets (note 4)	20,807	25,800
Intangible assets (note 5)	130,156	151,580
	8,137,066	7,473,271
Liabilities and Net Assets		
Current liabilities		
Trade payables and accrued liabilities	590,833	127,699
Campaign funds to be distributed	1,100,899	1,669,823
Deferred designated campaign donations (note 6)	3,027,490	3,199,303
	4,719,222	4,996,825
Net assets		
Unrestricted	1,981,075	622,366
Invested in capital assets and intangible assets	177,380	177,380
Internally restricted – Quebec Division	-	417,311
Internally restricted – Contingency purposes	1,259,389	1,259,389
	3,417,844	2,476,446
	8,137,066	7,473,271

Approved by the Board of Directors

__________________________ President _______________________ Chair of the Finance and Audit Committee

The accompanying notes are an integral part of these financial statements.

HealthPartners Canada

Statement of Changes in Net Assets

For the year ended July 31, 2023

	Balance – Beginning of year $	Excess of revenues over expenses $	Transfers $	Balance – End of year $
Unrestricted	622,366	941,398	417,311	1,981,075
Invested in capital assets and intangible assets	177,380	-	-	177,380
Internally restricted – Quebec Division	417,311	-	(417,311)	-
Internally restricted – Contingency purposes	1,259,389	-	-	1,259,389
	2,476,446	941,398	-	3,417,844

The accompanying notes are an integral part of these financial statements.

HealthPartners Canada

Statement of Operations

For the year ended July 31, 2023

	2023 $	2022 $
Revenues		
Campaigns		
Public sector campaigns	9,372,509	8,546,034
Private sector campaigns	646,419	958,834
	10,018,928	9,504,868
Provision for uncollectible pledges	(509,184)	(471,654)
	9,509,744	9,033,214
Interest and others	27,041	74,116
Pledge (loss) recovery – Prior and current campaign	360,552	442,492
	9,897,337	9,549,822
Expenses		
Operations	2,608,002	2,399,376
Management fees – Government of Canada Workplace Charitable Campaign (GCWCC) (note 7)	1,317,091	1,275,272
Distribution of funds to members (note 8)	5,030,846	6,021,453
	8,955,939	9,696,101
Excess (deficiency) of revenues over expenses	941,398	(146,279)

The accompanying notes are an integral part of these financial statements.

HealthPartners Canada

Statement of Cash Flows

For the year ended July 31, 2023

	2023 $	2022 $
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenses	941,398	(146,279)
Items not affecting cash		
Amortization of capital assets	7,764	9,700
Amortization of intangible assets	56,348	46,542
Net change in non-cash working capital items		
Accounts and pledges receivable	80,090	(671,223)
Prepaid expenses	(10,075)	4,759
Trade payables and accrued liabilities	463,134	(42,249)
Campaign funds to be distributed	(568,924)	(311,620)
Deferred designated campaign donations	(171,813)	460,414
	797,922	(649,956)
Investing activities		
Purchase of capital assets	(2,772)	(2,616)
Purchase of intangible assets	(34,923)	(116,990)
	(37,695)	(119,606)
Net change in cash during the year	760,227	(769,562)
Cash – Beginning of year	2,796,265	3,565,827
Cash – End of year	3,556,492	2,796,265

The accompanying notes are an integral part of these financial statements.

1 Governing statutes and purpose of the Organization

HealthPartners Canada (the Organization) is an association of national health charities, incorporated under the Canada Not-for profit Corporations Act, to solicit donations from employees of various corporations and of federal and provincial governments for distribution to its members. Its mission is to promote health and well-being by engaging and connecting Canadians to our leading health charities.

During the year, the Board of Directors approved a resolution to close the internally restricted fund of the Quebec division. These funds have been redistributed to the unrestricted funds.

The Organization is exempt from income taxes and is a registered charity under the Income Tax Act.

2 Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The significant accounting policies are as follows.

Use of estimates

The preparation of financial statements in conformity with ASNPO 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 amount of revenue and expense during the year. Actual results could differ from these estimates.

Capital assets and intangible assets subject to amortization

Capital assets and intangible assets acquired are recorded at cost.

Amortization of capital assets and intangible assets with finite useful lives are recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Computers	3 years
Furniture and fixtures	10 years
Leasehold improvements	Term of the lease and renewal
Software/Website	3 years

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposal. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. Impairments of long-lived assets are not reversed.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Under this method, designated donations are recorded as deferred designated campaign donations when they are received or are receivable. They are recognized as revenue in the year in which the related expenses are incurred. The undesignated donations are recorded as revenue when they are received or are receivable if the amount can be reasonably estimated and if collection is reasonably assured.

Interest and other income is recognized as revenue when earned.

Allowance for pledge loss

An allowance for pledge loss is recorded when the campaign donation is recognized as receivable. This allowance is based on the Organization's historical recovery rates. The portion of the allowance linked to undesignated donations and the recognized portion of designated donations in the current year is recorded in the statement of operations. The remaining portion of the allowance is applied against deferred designated campaign donations until such time that these donations are recognized as revenue.

Contributed services

Members contribute voluntarily many hours each year to assist the Organization. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Distribution of funds

Distribution payments are made pursuant to the collection of campaign pledges and are recorded in current year expenses.

Internally restricted net assets

Internally restricted net assets for the Quebec Division represent monies set aside for that division in case the Organization needs to support its operating expenses for a limited period. Internally restricted net assets for contingency represent monies set aside in case the Organization needs to support its operating expenses for a limited period.

3 Accounts and pledges receivable

	2023 $	2022 $
Pledges receivable	4,879,870	4,918,158
Provision for uncollectible pledges	(509,184)	(471,654)
	4,370,686	4,446,504
Sales taxes receivable	29,094	33,366
	4,399,780	4,479,870

68% (2022 – 67%) of pledges receivable are owing from various United Way groups.

4 Capital assets

			2023	2022
	Cost $	Accumulated amortization $	Net $	Net $
Computers	65,701	50,787	14,914	18,908
Furniture and fixtures	65,571	59,678	5,893	6,548
Leasehold improvements	4,899	4,899	-	344
	136,171	115,364	20,807	25,800

Cost and accumulated amortization as at July 31, 2022 amounted to $133,450 and $107,600, respectively.

5 Intangible assets

			2023	2022
	Cost $	Accumulated amortization $	Net $	Net $
Software	347,687	294,274	53,413	80,120
Website	120,675	43,932	76,743	71,460
	468,362	338,206	130,156	151,580

Cost and accumulated amortization as at July 31, 2022 amounted to $433,438 and $281,858, respectively.

6 Deferred designated campaign donations

The designated donations noted below raised in the 2022 campaign have not been distributed as at July 31, 2023 but will be distributed to the designated organizations during the next year, in accordance with the restrictions imposed by contributors.

	2023 $	2022 $
Balance – Beginning of year	3,199,303	2,738,889
Add back deferred pledge loss	150,237	190,404
Current campaign pledges	6,557,199	9,925,026
Recognized revenue from previous campaigns	(3,400,279)	(2,925,969)
Recognized revenue from current campaign	(3,166,201)	(6,578,810)
Write-offs and adjustments	(162,545)	-
Pledge loss expenses on variation of deferred designated campaign donations	(150,224)	(150,237)
Balance – End of year	3,027,490	3,199,303

7 National public sector (GCWCC) campaign management

Management expenses of the GCWCC represent the Organization's share of the management expenses of the 2022 GCWCC charged by United Way of East Ontario and local United Ways.

8 Transactions with members

The nature of the Organization is such that it has to conclude transactions with its members. All transactions that have occurred with members were concluded in the normal course of business and were measured at the exchange amount.

9 Commitments

Minimum future annual lease payments relating to office space and equipment are as follows:

	$
Year ended July 31, 2024	1,552

10 Financial instruments

Financial risk management

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations.

Liquidity risk

The Organization's objective is to have sufficient liquidity to meet its liabilities when they come due.
The Organization manages liquidity risk by monitoring, on a regular basis, that sufficient funds are generated from campaigns to meet the Organization's future commitments. The significant financial liabilities at year-end are trade payables and accrued liabilities and campaign funds to be distributed.

The Company also obtained a revolving demand facility subsequent to year-end, as described in note 11. No amounts have been drawn on the facility.

Credit risk

The Organization's credit risk arises on cash and accounts and pledges receivable. The Organization does not have significant concentration risk. The Organization's cash is maintained at major financial institutions; therefore, the Organization considers the risk of non-performance of these instruments to be remote. HST receivable is due from federal and provincial governments and does not bear significant credit risk.

To manage the credit risk on pledges receivable, the Organization assesses the collectibility of campaign pledges receivable and recognizes a pledge loss as disclosed in note 3.

11 Subsequent event

In November 2023, the Organization entered into a revolving demand facility in the amount of $300,000 with an interest rate of prime plus 2%. This facility is secured by the Organization's assets. No amounts have been drawn on the facility to date.

HealthPartners Canada

Schedule A – Campaign Revenue

(Unaudited)

For the year ended July 31, 2023

	2023 $	2022 $
National public sector campaigns		
Public sector, undesignated gifts	2,734,226	2,741,264
Public sector, designated gifts	2,413,157	2,342,905
Public sector, designated gifts from previous year	2,119,104	1,874,437
	7,266,487	6,958,606
National private sector campaigns		
Other private sector campaigns, undesignated gifts	115,358	105,589
Other private sector campaigns, designated gifts	84,705	154,336
Other private sector campaigns, designated gifts from previous year	60,106	120,415
	260,169	380,340
Quebec public sector campaigns		
Public sector, undesignated gifts	143,458	127,064
Public sector, designated gifts	854,653	580,228
Public sector, designated gifts from previous year	1,107,911	880,136
	2,106,022	1,587,428
Quebec private sector campaigns		
Quebec, other campaigns, undesignated gifts	340,626	304,442
Quebec, other campaigns, designated gifts	47,753	106,102
Quebec, other campaigns, designated gifts from previous year	(2,128)	167,950
	386,251	578,494

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Schedule B – Operating Expenses – National
(Unaudited)
For the year ended July 31, 2023

	2023 $	2022 $
Advertising and promotion	11,468	17,112
Amortization of assets	58,726	48,079
Board	27,641	16,028
Committee meetings	2,405	890
Consultants	290,212	271,146
Facilities	8,315	81,826
General administration	195,785	197,705
Printing / promotion	3,263	5,156
Professional fees	364,037	88,617
Salaries and benefits	1,351,365	1,260,039
Staff development	2,926	7,309
Translation	11,379	9,916
Travel	20,952	13,524
	2,348,474	2,017,347

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Schedule C – Revenue and Expenses – Quebec Division
(Unaudited)
For the year ended July 31, 2023

	2023			2022
	Entraide $	**Other campaigns and development $**	**Total $**	**Total $**
Revenue				
Undesignated donations	143,458	334,826	478,284	431,506
Designated donations	854,652	47,753	902,405	686,330
Previous campaigns – Designated donations	1,124,842	27,177	1,152,019	1,048,086
Interest and other	2,843	-	2,843	27,580
	2,125,795	409,756	2,535,551	2,193,502
Expenses*				
Operations				
Advertising and promotion	-	-	-	377
Amortization of assets	4,516	871	5,387	8,163
Committee meetings	1,860	358	2,218	348
Consultants	24,563	4,735	29,298	28,559
Facilities	9,364	1,805	11,169	11,548
General administration	2,641	509	3,150	15,297
Professional fees	13,460	2,594	16,054	8,966
Salaries and benefits	152,487	29,392	181,879	301,737
Travel	8,697	1,676	10,373	7,034
	217,588	41,940	259,528	382,029
Distribution of funds to members (note 8)	1,543,074	297,434	1,840,508	1,565,010
	1,760,662	339,374	2,100,036	1,947,039
Excess of revenues over expenses for the year	365,133	70,382	435,515	246,463

* Expenses are apportioned based on the total revenues of each campaign.