

Financial Statements of

**TECHNOLOGY
EVALUATION IN THE
ELDERLY NETWORK**
(OPERATING AS CANADIAN
FRAILTY NETWORK)

Year ended March 31, 2022

TECHNOLOGY EVALUATION IN THE ELDERLY NETWORK

(OPERATING AS CANADIAN FRAILTY NETWORK)
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INDEPENDENT AUDITORS' REPORT

To the Members of the Technology Evaluation in the Elderly Network (Operating as Canadian Frailty Network)

Opinion

We have audited the financial statements of Technology Evaluation in the Elderly Network (Operating as Canadian Frailty Network) (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of 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, 2022, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Auditors' 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 auditors' 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.



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- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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

Kingston, Canada

June 8, 2022

TECHNOLOGY EVALUATION IN THE ELDERLY NETWORK

(OPERATING AS CANADIAN FRAILTY NETWORK)

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,198,051	\$ 1,225,379
Short-term investment	102,004	101,994
Due from Queen's University at Kingston	8,297,900	8,830,992
Accounts receivable	67,695	24,266
Prepaid expenses	3,317	3,767
	\$ 9,668,967	\$ 10,186,398
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 124,057	\$ 143,639
Research and interdisciplinary fellowship program payables	142,891	528,376
Deferred revenue	8,312,236	8,476,836
	8,579,184	9,148,851
Net assets:		
Unrestricted	1,089,783	1,037,547
Commitments (note 4)		
Economic dependence (note 5)		
	\$ 9,668,967	\$ 10,186,398

See accompanying notes to financial statements.

On behalf of the Board:

 Member

 Member

TECHNOLOGY EVALUATION IN THE ELDERLY NETWORK

(OPERATING AS CANADIAN FRAILTY NETWORK)

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Networks Centre of Excellence grant	\$ 2,262,100	\$ 2,429,018
Interest income	51,736	51,108
Other	2,500	22,500
Public Health Agency of Canada	45,783	–
	2,362,119	2,502,626
Expenses:		
Governance and administrative:		
Administrative salaries and benefits	542,005	658,230
Office supplies and equipment	37,369	16,644
Audit fees	12,141	9,518
Insurance	8,411	8,591
Legal fees	2,171	5,138
HR advertising	869	261
Research programs	1,094,167	997,521
Knowledge translation	479,054	441,978
Networking and partnerships	29,901	37,895
Interdisciplinary fellowship programs	77,442	219,707
Communications	26,353	37,038
	2,309,883	2,432,521
Excess of revenue over expenses	\$ 52,236	\$ 70,105

See accompanying notes to financial statements.

TECHNOLOGY EVALUATION IN THE ELDERLY NETWORK
(OPERATING AS CANADIAN FRAILTY NETWORK)
Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Net assets, beginning of year	\$ 1,037,547	\$ 967,442
Excess of revenue over expenses	52,236	70,105
Net assets, end of year	\$ 1,089,783	\$ 1,037,547

See accompanying notes to financial statements.

TECHNOLOGY EVALUATION IN THE ELDERLY NETWORK
(OPERATING AS CANADIAN FRAILTY NETWORK)
Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 52,236	\$ 70,105
Change in non-cash operating working capital:		
Due from Queen's University at Kingston	533,092	202,655
Accounts receivable	(43,429)	64,311
Prepaid expenses	450	(450)
Accounts payable and accrued liabilities	(19,582)	(165,766)
Research and interdisciplinary fellowship program payables	(385,485)	(687,378)
Deferred revenue	(164,600)	850,903
	(27,318)	334,380
Investing activities:		
Increase in short-term investment	(10)	(220)
Increase (decrease) in cash and cash equivalents	(27,328)	334,160
Cash and cash equivalents, beginning of year	1,225,379	891,219
Cash and cash equivalents, end of year	\$ 1,198,051	\$ 1,225,379

See accompanying notes to financial statements.

TECHNOLOGY EVALUATION IN THE ELDERLY NETWORK (OPERATING AS CANADIAN FRAILTY NETWORK)

Notes to Financial Statements

Year ended March 31, 2022

1. Nature of operations:

Technology Evaluation in the Elderly Network (Operating as Canadian Frailty Network) (“CFN”) is a not-for-profit organization incorporated as a corporation on May 24, 2012 without share capital under the Canada Not-For-Profit Corporations Act.

CFN supports multidisciplinary research related to healthcare tools, technology and interventions for older patients living with frailty and their families and caregivers. Funded in July 2012 as a part of the Networks of Centre of Excellence of Canada (“NCE”) program, CFN seeks to mobilize collaborations between researchers, industry and other organizations to produce programs and products that further Canada’s economic strength and improve the quality of life for Canadians.

CFN’s mission is to improve care for older adults living with frailty and support their families and caregivers through increasing recognition and assessment of frailty, increasing evidence for decision making, advancing evidence-based changes to care, educating the next generation of scientists and care providers, and by engaging with older adults and caregivers. There are an estimated 1 million older adults living with frailty which will increasingly rise as the population ages. CFN’s vision is to ensure that all older Canadians living with frailty receive the best possible care commensurate with their wishes, while at the same time contributing to the sustainability of Canadian health and social care systems.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

(a) Revenue recognition:

CFN follows the deferral method of accounting for contributions which include government grants. 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.

Externally restricted contributions are recognized in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or when receivable if the amount received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Revenue from industry grants and contributions is recognized when collection of the related receivable is probable, persuasive evidence of an arrangement exists and the amount is fixed or determinable.

TECHNOLOGY EVALUATION IN THE ELDERLY NETWORK

(OPERATING AS CANADIAN FRAILTY NETWORK)

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(b) Research programs expenses:

Research programs expenses are recorded as expenses when they become payable. Committed research grants that will become payable in the future are summarized and disclosed as commitments in the notes to the financial statements.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

(d) Capital assets:

Purchased capital assets in excess of \$5,000 are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. 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 CFN's ability to provide services, its carrying amount is written down to its residual value.

(e) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. CFN has not elected to subsequently carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

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, CFN 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 CFN expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

TECHNOLOGY EVALUATION IN THE ELDERLY NETWORK

(OPERATING AS CANADIAN FRAILTY NETWORK)

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(g) Employee future benefit liabilities:

CFN is an employer member of the Health Care of Ontario Pension Plan, which is a multi-employer, defined benefit pension plan. CFN accounts for this plan on a defined contribution plan basis as contributions to the benefit plan are determined by the plan administrator and are expensed when due.

The most recent funding valuation of this multi-employer pension plan conducted as at December 31, 2021 disclosed actuarial assets of \$114.4 billion with accrued pension liabilities of \$85.9 billion. This valuation also confirmed that the plan was fully funded on a solvency basis as at December 31, 2021 based on the assumptions and methods adopted for the valuation.

(h) 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. Actual results could differ from those estimates.

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil at March 31, 2022 (2021 - \$Nil).

TECHNOLOGY EVALUATION IN THE ELDERLY NETWORK

(OPERATING AS CANADIAN FRAILTY NETWORK)

Notes to Financial Statements (continued)

Year ended March 31, 2022

4. Commitments:

At March 31, 2022, CFN is committed to research and interdisciplinary fellowship program grants that are not accrued in CFN's financial statements as they are not yet payable. Current research and interdisciplinary fellowship program grant commitments, by year and in aggregate, of CFN to be funded by NCE contributions are as follows:

2023	\$ 1,619,264
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5. Economic dependence:

CFN currently generates substantially all of its revenue from the NCE grant. The ability of CFN to continue operations is dependent upon this grant agreement remaining in effect.

CFN originally entered into a funding agreement effective April 1, 2017 with the NCE, for total funding of \$23,888,157 for operations over a period of five years from the date of execution. In 2021, a one-year extension (extended to March 31, 2023) was granted and approved by the Board of Directors and NCE to accommodate project delays due to COVID-19. COVID-19 funding in the amount of \$764,421 was added to the NCE funding amount which increased the total funding for this six-year period to \$24,652,578. To date, total funding of \$25,391,809 (2021 - \$23,331,809) has been advanced to CFN from NCE.

CFN is currently in the process of applying for another 5-year grant with another NCE and if successful, this federal funding will commence March 31, 2024. In addition to the NCE funds, CFN has one other federal grant which runs until the end of February 28, 2024 as well as other income to support the continued operations of CFN. A request for another one-year NCE extension will be submitted September 2022 with a high-level expectation of being approved which would extend CFN as an NCE to March 31, 2024, and allow CFN to fulfill all its commitments which were delayed due to the COVID epidemic. Any unspent NCE funds would be returned to the NCE at the end of the NCE term.

TECHNOLOGY EVALUATION IN THE ELDERLY NETWORK

(OPERATING AS CANADIAN FRAILTY NETWORK)

Notes to Financial Statements (continued)

Year ended March 31, 2022

6. Related parties:

- (a) CFN is related to Queen's University at Kingston (the "University") and Kingston Health Sciences Centre ("KHSC") by virtue of the fact that the University and KHSC are the host institutions under the NCE program.

Under the NCE Network Host agreement, the University provides certain administrative and Information technology support services.

- (b) During the year, CFN earned interest income of \$46,920 (2021 - \$43,647) from the University related to CFN's funds on deposit at the University. Included in accounts receivable is \$Nil (2021 - \$Nil) related to this revenue.
- (c) During the year, CFN purchased curriculum development services for its Highly Qualified Training program from the University in the amount of \$23,940 (2021 - \$40,000).
- (d) During the year, CFN received \$40,000 (2021 - \$40,000) from the University's Faculty of Health Sciences and is included in deferred revenue on the statement of financial position.

Related party transactions are recorded at the exchange amount, being the amount of cash consideration paid or payable in respect of the transaction.

7. Pension plan:

Substantially all of the employees of CFN are members of the HealthCare of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. The Plan specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions to the Plan made during the year by CFN on behalf of its employees amounted to \$60,266 (2021 - \$53,915) and are included in administrative salaries and benefits expenses on the statement of operations.

TECHNOLOGY EVALUATION IN THE ELDERLY NETWORK

(OPERATING AS CANADIAN FRAILTY NETWORK)

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that CFN will be unable to fulfill its obligations on a timely basis or at a reasonable cost. CFN manages its liquidity risk by monitoring its operating requirements. CFN prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. CFN's economic dependence as described in note 5 impacts its liquidity risk.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. CFN is exposed to credit risk with respect to cash and cash equivalents and accounts receivable. CFN assesses, on a continuous basis, accounts receivable and provides for any amounts that are not considered collectible in an allowance for doubtful accounts. The balance in the allowance for doubtful accounts as at March 31, 2022 is \$Nil (2021 - \$Nil).

There have been no significant changes from the previous year in the exposure to risk or policies and the procedures and methods used to measure the risk.

9. Impact of COVID-19 pandemic:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, the pandemic continues which has impacted the timely completion of the research and knowledge transfer projects in progress.

COVID-19 has also necessitated the following:

- Mandatory working from home requirements as the entire team is working from home using virtual tools with no impact
- Continuous re-evaluation of the team's work assignments

As a result of COVID-19, many CFN projects are delayed but CFN has received COVID-19 funding which came with a one-year extension to the CFN term which should allow all of the projects to be completed before the end of the CFN term in March 2023.