

Financial Statements of

**TEMISKAMING HOSPITAL
FOUNDATION**

And Independent Auditors' Report thereon

Year ended March 31, 2021



KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury Ontario P3C 1X3
Canada
Telephone (705) 675-8500
Fax (705) 675-7586

INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors of Temiskaming Hospital Foundation

Opinion

We have audited the financial statements of Temiskaming Hospital Foundation (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations and changes in fund balance for the year then ended
- the statement of cash flows for the year then ended
- and the 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, 2021, 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 responsibility 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 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.



Responsibility of Management 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.

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 the 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 risk 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, internal 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 purposes 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.



Page 3

- 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 the 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's 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.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

Date

TEMISKAMING HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 74,414	\$ 163,564
Cash - restricted	114,103	-
Accounts receivable	1,252	1,252
	<u>189,769</u>	<u>164,816</u>
Long-term investments (note 3):		
Unrestricted	702,981	653,172
Restricted	-	100,993
	<u>702,981</u>	<u>754,165</u>
	<u>\$ 892,750</u>	<u>\$ 918,981</u>

Liabilities and Fund Balance

Current liabilities:		
Accounts payable and accrued liabilities	\$ 122,686	\$ 72,491
Deferred donation (note 4)	114,103	100,993
Note payable (note 5)	1,480,000	1,480,000
	<u>1,716,789</u>	<u>1,653,484</u>
Fund balance	(824,039)	(734,503)
	<u>\$ 892,750</u>	<u>\$ 918,981</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

TEMISKAMING HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balance

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Donations	\$ 381,155	\$ 284,437
Investment gains (loss) (note 3)	191,128	(14,385)
Fundraising	225,160	-
Interest	559	4,906
	<u>798,002</u>	<u>274,958</u>
Expenses:		
Fundraising	151,501	210
Salaries	30,901	31,614
Investment management fees	7,312	7,627
Advertising and promotion	3,784	3,342
Professional fees	2,825	2,825
Interest and bank charges	1,499	1,518
	<u>197,822</u>	<u>47,136</u>
Excess of revenue over expenses before undernoted	600,180	227,822
Donation to Temiskaming Hospital (note 2)	(689,716)	(373,227)
Deficiency of revenue over expenses	(89,536)	(145,405)
Fund balance, beginning of year	(734,503)	(589,098)
Fund balance, end of year	\$ (824,039)	\$ (734,503)

See accompanying notes to financial statements

TEMISKAMING HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (89,536)	\$ (145,405)
Changes in non-cash working capital:		
Increase in accounts receivable	-	(1,252)
Increase in accounts payable and accrued liabilities	50,195	57,901
Increase in deferred revenue	13,110	-
	<u>(26,231)</u>	<u>(88,756)</u>
Investing activities:		
Decrease in investments	51,184	22,011
Net increase (decrease) in cash	<u>24,953</u>	<u>(66,745)</u>
Cash, beginning of year	<u>163,564</u>	<u>230,309</u>
Cash, end of year	<u>\$ 188,517</u>	<u>\$ 163,564</u>
Represented by:		
Cash	\$ 74,414	\$ 163,564
Cash - restricted	114,103	-
	<u>\$ 188,517</u>	<u>\$ 163,564</u>

See accompanying notes to financial statements.

TEMISKAMING HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

The Temiskaming Hospital Foundation (the "Foundation") was incorporated May 26, 2006 without share capital under the laws of Ontario. The Foundation is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The Foundation is principally involved in raising funds for the benefit of the Temiskaming Hospital. The fund balances and operations of the Foundation are ultimately for the benefit of the Temiskaming Hospital. The Foundation is a legal entity operating independently of the Hospital and therefore these financial statements have not been consolidated with the Hospital.

1. Significant accounting policies:

These 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 - Accounting. The Foundation's significant accounting policies are as follows:

(a) Basis of presentation:

In order to ensure observance and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of fund accounting.

The General Fund accounts for the Foundation's program delivery, fundraising and administrative activities. This fund reports unrestricted resources.

The Restricted Fund reports resources that are to be used for designated purposes specified by the donor.

(b) Revenue recognition:

The financial statements are prepared according to the restricted fund method of accounting. Under this method, the following principles have been applied.

- Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the donor.
- Contributions including pledges and donations are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.
- In-kind donations are recorded at their appraised value.

(c) Contributed services:

Contributions of services are not recognized in the financial statements.

TEMISKAMING HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

1. Significant accounting policies (continued):

(d) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed annually, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its investments at fair value. Fair value is determined at quoted market prices.

Sales and purchases of financial instruments are recorded on the settlement date. Transaction costs incurred on the acquisition of financial instruments are expensed as incurred.

2. Related party transactions:

The Foundation receives and maintains funds to provide for the enhancement of facilities and services at Temiskaming Hospital. During the year, the Foundation donated \$689,716 (2020 - \$373,227) to the Temiskaming Hospital.

3. Investments:

Investments are carried at fair market value.

The investment income includes unrealized gains on fair market value. In 2021, the investment income includes unrealized gains of \$134,563 (2020 - \$6,917).

4. Deferred donation:

In 2021, the Foundation received various donations totaling \$114,103 that are restricted for COVID-19 related purchases for Temiskaming Hospital.

TEMISKAMING HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

5. Note payable:

The note payable to the Temiskaming Hospital is non-interest bearing, has no specified terms of repayment and is due on demand. The advance was made to assist the Foundation in fulfilling its core mandate.

6. Financial risk and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2020.

(b) Interest rate risk:

The Foundation is not exposed to any significant interest rate risk.

(c) Other risk:

In addition, the Foundation's main sources of revenue are donation revenues and investment income. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus.

At the time of approval of these financial statements, the Foundation has experienced the following in relation to the COVID-19 pandemic:

- The cancellation of certain fundraising events during the year

The impact of COVID-19 is not expected to have a significant impact on the future operations of the Foundation. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Foundation is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.

7. Capital disclosures:

The Foundation receives externally restricted donations from various donors to be used for specific purposes. These funds are maintained and disbursed under the terms of the relevant funding restrictions and management is responsible for adhering to the provisions of these restrictions.

In managing its capital, the Foundation's primary objective is to fundraise in support of the Temiskaming Hospital in order to safeguard its ability to continue as a going concern so it can continue to fulfill its mandate. The Foundation has developed specific investment policies to maintain its capital based on the intended purpose of the funds.