

Financial Statements of

**CAMPBELLFORD MEMORIAL  
HOSPITAL FOUNDATION**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Campbellford Memorial Hospital Foundation

### ***Qualified Opinion***

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

- the statement of financial position as at December 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, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditor's report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 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 Qualified Opinion***

In common with many not-for-profit organizations, the Entity derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported on the statements of financial position as at December 31, 2022 and December 31, 2021;
- the donations revenue and excess of revenue over expenses reported on the statements of operations for the years ended December 31, 2022 and December 31, 2021;
- the unrestricted net assets, at the beginning and end of the year, reported on the statements of changes in net assets for the years ended December 31, 2022 and December 31, 2021; and
- the excess of revenue over expenses reported on the statements of cash flows for the years ended December 31, 2022 and December 31, 2021.



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Our opinion on the financial statements for the year ended December 31, 2021 was qualified accordingly because of the possible effects of this limitation in scope.

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 auditor’s 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 qualified 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.

***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 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.



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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 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 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 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  
April 26, 2023

# CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

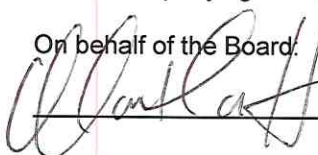
## Statement of Financial Position

December 31, 2022, with comparative information for 2021

	<u>Restricted</u> Campbellford Memorial Hospital	Endowment	Unrestricted	2022 Total	2021 Total
<b>Assets</b>					
<b>Current assets:</b>					
Cash	\$ 1,035	\$ —	\$ 556,483	\$ 557,518	\$ 363,641
Accounts receivable	—	—	3,002	3,002	4,138
Prepaid expenses	—	—	3,888	3,888	10,084
	1,035	—	563,373	564,408	377,863
Investments (note 2)	106,487	150,289	336,689	593,465	350,560
Long-term receivable (note 3)	—	—	157,200	157,200	—
	\$ 107,522	\$ 150,289	\$ 1,057,262	\$ 1,315,073	\$ 728,423
<b>Liabilities and Net Assets</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities (notes 4 and 6(b))	\$ —	\$ —	\$ 122,170	\$ 122,170	\$ 89,872
Deferred revenue	—	—	—	—	4,126
	—	—	122,170	122,170	93,998
<b>Net assets:</b>					
Campbellford Memorial Hospital	107,522	—	—	107,522	104,528
Endowment	—	150,289	—	150,289	113,546
Unrestricted	—	—	935,092	935,092	416,351
	107,522	150,289	935,092	1,192,903	634,425
Pledge commitment (note 5)					
	\$ 107,522	\$ 150,289	\$ 1,057,262	\$ 1,315,073	\$ 728,423

See accompanying notes to financial statements.

On behalf of the Board:

  
Director

  
Director

# CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

## Statement of Operations

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

	<u>Restricted</u>				
	Campbellford Memorial Hospital	Endowment	Unrestricted	2022 Total	2021 Total
<b>Revenue:</b>					
Catch the ace ticket sales	\$ —	\$ —	\$ 285,305	\$ 285,305	\$ 126,760
<b>Donations:</b>					
Bequests	—	—	240,239	240,239	217,267
Other	—	—	1,179,169	1,179,169	973,125
Grants	—	—	7,318	7,318	12,509
Investment income (note 2)	2,994	1,500	4,527	9,021	43
	<u>2,994</u>	<u>1,500</u>	<u>1,716,558</u>	<u>1,721,052</u>	<u>1,329,704</u>
<b>Expenses:</b>					
Catch the ace disbursements	—	—	142,652	142,652	64,161
Fundraising and events	—	—	82,724	82,724	60,329
Office, printing and supplies	—	—	33,409	33,409	39,713
Professional fees	—	—	15,758	15,758	8,887
Salaries and benefits	—	—	299,006	299,006	286,328
	<u>—</u>	<u>—</u>	<u>573,549</u>	<u>573,549</u>	<u>459,418</u>
<b>Excess of revenue over expenses</b>					
before transfers	2,994	1,500	1,143,009	1,147,503	870,286
<b>Transfers:</b>					
Campbellford Memorial Hospital (note 5(a))	—	—	(589,025)	(589,025)	(682,431)
<b>Excess of revenue over expenses</b>	<u>\$ 2,994</u>	<u>\$ 1,500</u>	<u>\$ 553,984</u>	<u>\$ 558,478</u>	<u>\$ 187,855</u>

See accompanying notes to financial statements.

# CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

## Statement of Changes in Net Assets

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

	<u>Restricted</u> Campbellford Memorial Hospital	Endowment	Unrestricted	2022 Total	2021 Total
Balance, beginning of year	\$ 104,528	\$ 113,546	\$ 416,351	\$ 634,425	\$ 446,570
Excess of revenue over expenses	2,994	1,500	553,984	558,478	187,855
Interfund transfer	—	35,243	(35,243)	—	—
Balance, end of year	\$ 107,522	\$ 150,289	\$ 935,092	\$ 1,192,903	\$ 634,425

See accompanying notes to financial statements.

# CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

## Statement of Cash Flows

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

	<u>Restricted</u> Campbellford Memorial Hospital	Endowment	Unrestricted	2022 Total	2021 Total
Cash provided by (used for):					
Operating activities:					
Excess of revenue over expenses	\$ 2,994	\$ 1,500	\$ 553,984	\$ 558,478	\$ 187,855
Items not involving cash:					
Unrealized losses (gains) on investments	-	-	(6,027)	(6,027)	7,487
Changes in non-cash operating working capital:					
Accounts receivable	-	-	1,136	1,136	1,490
Prepaid expenses	-	-	6,196	6,196	838
Long-term receivable	-	-	(157,200)	(157,200)	-
Accounts payable and accrued liabilities	-	-	32,298	32,298	4,189
Deferred revenue	-	-	(4,126)	(4,126)	(90)
	2,994	1,500	426,261	430,755	201,769
Investing activities:					
Purchase of investments	(2,749)	(1,500)	(232,629)	(236,878)	(39,786)
Increase in cash	245	-	193,632	193,877	161,983
Cash, beginning of year	790	-	362,851	363,641	201,658
Cash, end of year	\$ 1,035	\$ -	\$ 556,483	\$ 557,518	\$ 363,641

See accompanying notes to financial statements.



# CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended December 31, 2022

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The Campbellford Memorial Hospital Foundation (the "Foundation") is incorporated, without share capital, under the laws of Canada. The Foundation's mandate is to raise funds and manage funds for charitable purposes in the field of health and related charitable social and educational purposes.

The Foundation is a registered charity and as such is exempt from income taxes and may issue income tax receipts to donors, provided certain requirements of the Income Tax Act are met.

## 1. 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 – Accounting.

### (a) Fund accounting:

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors (the "Board"). Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These inter-fund transfers are reported on the Statement of Changes in Net Assets.

For financial reporting purposes, the accounts have been classified into the following funds:

#### (i) Unrestricted:

The Unrestricted Fund accounts for the Foundation's general fundraising, granting and administrative activities.

Included in the unrestricted fund is \$150,000 of an internal contingency fund.

#### (ii) Campbellford Memorial Hospital Fund:

Donations restricted for Campbellford Memorial Hospital include general purpose donations, donations specified for equipment, donations for professional nursing development and other donations for specified purposes.

# CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (a) Fund accounting (continued):

#### (iii) Endowment Fund:

The Endowment fund includes funds where donor restrictions require that the principal be invested by the Foundation in perpetuity. The investment income generated from assets held for endowment purposes must be used in accordance with the various purposes established by the donors or the Board. Investment income attributed to the fund is accumulated within the fund. Disbursements of income from the fund are in accordance with the terms of the specific endowment requirements.

### (b) Revenue recognition:

Investment income, which is recorded on the accrual basis, includes dividends, interest and realized and unrealized gains (losses).

Donations, grants and fundraising income are recognized as revenue in the year received or receivable if the amount to be received can be reasonable estimated and the collection is reasonable assured.

### (c) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year to assist the Foundation in carrying out its service activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

### (d) 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. The Foundation has elected to subsequently carry all of its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

# CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 1. Significant accounting policies (continued):

### (d) Financial instruments (continued):

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, the Foundation 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 the Foundation 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.

### (e) 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.

## 2. Investments:

Investments consist of:

	2022	2022	2021	2021
	Cost	Fair value	Cost	Fair value
Guaranteed investment certificates	\$ 300,000	\$ 300,290	\$ 113,510	\$ 113,546
Mutual funds	292,275	293,175	237,014	237,014
	<u>\$ 592,275</u>	<u>\$ 593,465</u>	<u>\$ 350,524</u>	<u>\$ 350,560</u>

Guaranteed investment certificates yield interest of 5.00% to 5.05% and mature in December 2023.

# CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 2. Investments (continued):

Investment income consists of:

	2022	2021
Interest and dividends, net of fees	\$ 2,994	\$ 8,085
Realized losses	–	(555)
Unrealized gains (losses)	6,027	(7,487)
	\$ 9,021	\$ 43

## 3. Long-term receivable:

During the year ended December 31, 2022, the Foundation has been designated as the beneficiary with regards to a life insurance policy with a fair market value of \$157,200. This has been presented as a non-current asset on the Statement of Financial Position as the expected settlement is not expected to occur before January 1, 2024.

## 4. Accounts payable and accrued liabilities:

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

## 5. Pledge commitments:

The Foundation has pledged to donate \$2,989,000 to the Campbellford Memorial Hospital towards the implementation of the digital clinical information system ("CIS"). As at December 31, 2022, the remaining commitment is \$2,446,002 (2021 - \$2,695,002).

## 6. Related party transactions:

Related parties include Campbellford Memorial Hospital, Campbellford Memorial Hospital Auxiliary and Campbellford Memorial Multicare Lodge.

These parties are related by common representation on the Board of Directors.

(a) During the year, the Foundation transferred \$589,025 (2021 - \$682,431) to the Campbellford Memorial Hospital from the Unrestricted Fund in order to promote the hospital mission.

(b) Campbellford Memorial Hospital pays various expenses on behalf of the Foundation, such as salaries and supplies for which it is reimbursed by the Foundation. At year-end, the payable for these expenses amounts to \$22,895 (2021 - \$22,252) and is included in accounts payable and accrued liabilities on the Statement of Financial Position.

# CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 6. Related party transactions (continued):

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 7. Financial risks 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.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk with respect to cash, investments, and accounts receivable. The Foundation 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 December 31, 2022 is \$Nil (2021 - \$Nil).

### (c) Interest rate risk:

Interest rate risk is the potential for financial losses caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The exposure of the Foundation to interest rate risk arises from guaranteed investment certificates in the investments portfolio.

### (d) Market risk:

Market risk is the risk that changes in market prices which affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to control market exposures within acceptable parameters while optimizing return on investment. The Foundation's mutual funds give rise to market risk.

There has been no significant change to the risk exposures from 2021.

