

Financial Statements of

**CAMPBELLFORD MEMORIAL
HOSPITAL FOUNDATION**

And Independent Auditors' Report thereon

Year ended December 31, 2020



KPMG LLP
863 Princess Street, Suite 400
Kingston ON K7L 5N4
Canada
Telephone 613-549-1550
Fax 613-549-6349

INDEPENDENT AUDITORS' 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, 2020
- 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 auditors' report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, 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, 2020 and December 31, 2019;
- the donations revenue and excess (deficiency) of revenue over expenses reported on the statements of operations for the years ended December 31, 2020 and December 31, 2019;
- 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, 2020 and December 31, 2019; and
- the excess (deficiency) of revenue over expenses reported on the statements of cash flows for the years ended December 31, 2020 and December 31, 2019.



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 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.

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.



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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 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
March 24, 2021

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

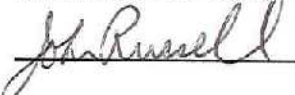
Statement of Financial Position


December 31, 2020, with comparative information for 2019

	Restricted			2020	2019
	CMH Hospital	Endowment	Unrestricted	Total	Total
Assets					
Current assets:					
Cash	\$ 5,397	\$ -	\$ 196,261	\$ 201,658	\$ 374,433
Accounts receivable	-	-	5,628	5,628	16,399
Prepaid expenses	-	-	10,922	10,922	13,578
	5,397	-	212,811	218,208	404,410
Investments (note 2)	92,848	112,684	112,729	318,261	292,558
	\$ 98,245	\$ 112,684	\$ 325,540	\$ 536,469	\$ 696,968
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued liabilities (notes 3 and 4)	\$ -	\$ -	\$ 85,683	\$ 85,683	\$ 51,145
Deferred revenue	-	-	4,216	4,216	2,146
Due to Campbellford Memorial Hospital (notes 4(a) and 4(d))	-	-	-	-	109,006
	-	-	89,899	89,899	162,297
Net assets:					
CMH Hospital	98,245	-	-	98,245	97,694
Endowment	-	112,684	-	112,684	112,665
Unrestricted	-	-	235,641	235,641	324,312
	98,245	112,684	235,641	446,570	534,671
Impact of COVID-19 Pandemic (note 6)					
	\$ 98,245	\$ 112,684	\$ 325,540	\$ 536,469	696,968

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Restricted			2020	2019
	CMH	Endowment	Unrestricted	Total	Total
	Hospital				
Revenue:					
Donations:					
Bequests	\$ -	\$ -	\$ 282,975	\$ 282,975	\$ 96,291
Other	-	-	893,344	893,344	862,444
Catch the Ace ticket sales	-	-	64,710	64,710	-
Grants	-	-	117,230	117,230	8,217
Investment income (note 2)	-	19	5,464	5,483	44,805
Nevada	551	-	-	551	2,397
	551	19	1,363,723	1,364,293	1,014,154
Expenses:					
Salaries and benefits	-	-	264,240	264,240	249,380
Fundraising and events	-	-	91,490	91,490	106,147
Office, printing and supplies	-	-	38,643	38,643	23,272
Professional fees	-	-	11,165	11,165	7,943
Investment fees	-	-	-	-	3,318
Bursaries	-	-	-	-	1,750
Catch the Ace disbursements	-	-	32,355	32,355	-
	-	-	437,893	437,893	391,810
Excess of revenue over expenses before transfers	551	19	925,830	926,400	622,344
Transfers:					
Campbellford Memorial Hospital	-	-	(1,013,001)	(1,013,001)	(553,430)
Other	-	-	(1,500)	(1,500)	(1,367)
	-	-	(1,014,501)	(1,014,501)	(554,797)
Excess (deficiency) of revenue over expenses	\$ 551	\$ 19	\$ (88,671)	\$ (88,101)	\$ 67,547

See accompanying notes to financial statements.

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

Statement of Changes in Net Assets

Year ended December 31, 2020, with comparative information for 2019

	Restricted			2020	2019
	CMH Hospital	Endowment	Unrestricted	Total	Total
Balance, beginning of year	\$ 97,694	\$ 112,665	\$ 324,312	\$ 534,671	\$ 467,124
Excess (deficiency) of revenue over expenses	551	19	(88,671)	(88,101)	67,547
Balance, end of year	\$ 98,245	\$ 112,684	\$ 235,641	\$ 446,570	\$ 534,671

See accompanying notes to financial statements.

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used for):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (88,101)	\$ 67,547
Items not involving cash:		
Changes in non-cash operating working capital:		
Accounts receivable	10,771	3,188
Prepaid expenses	2,656	2,546
Accounts payable and accrued liabilities	34,538	1,417
Deferred revenue	2,070	2,146
	<u>(38,066)</u>	<u>76,844</u>
Financing activities:		
Repayment of due to Campbellford Memorial Hospital	(109,006)	(2,994)
Investing activities:		
Proceeds on sale (purchases) of investments	(25,703)	122,259
	<u>(25,703)</u>	<u>122,259</u>
Increase (decrease) in cash	(172,775)	196,109
Cash, beginning of year	374,433	178,324
Cash, end of year	<u>\$ 201,658</u>	<u>\$ 374,433</u>

See accompanying notes to financial statements.

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended December 31, 2020

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.

(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, 2020

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 gains (losses). Donations, grants and Nevada income are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and the collection is reasonably 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.

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.

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Capital assets:

Purchased capital assets 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 the Foundation's ability to provide services, its carrying amount is written down to its residual value.

(f) 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:

	2020	2019
Cash	\$ 1	\$ 20,861
Guaranteed investment certificates	112,684	112,665
Mutual funds	205,576	159,032
	<u>\$ 318,261</u>	<u>\$ 292,558</u>

Investment income consists of:

	2020	2019
Interest and dividends	\$ 6,371	\$ 9,645
Realized gains (losses)	(888)	35,160
	<u>\$ 5,483</u>	<u>\$ 44,805</u>

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil, (2019 - \$Nil), which includes amounts payable for harmonized sales tax and payroll-related taxes.

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Related party transactions:

Related parties include the Campbellford Memorial Hospital, Campbellford Memorial Hospital Auxiliary and other Campbellford area healthcare providers.

Transactions with these related parties have been recorded at the exchange amount and include:

- (a) During the year, the Foundation transferred \$1,013,001 (2019 - \$553,430) to the Campbellford Memorial Hospital from the General 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 \$22,154 (2019 - \$24,268) and is included in accounts payable and accrued liabilities on the Statement of Financial Position.
- (c) The Foundation provides funding for capital and operational expenses for the Lodge. In FY2020 the amount transferred to the Lodge amounted to \$48 (2019 - \$Nil).
- (d) The Foundation provides funding for capital and operational expenses for the Health Centre. In FY2020 the amount transferred to the Health Centre amounted to \$7,968 (2019 - \$Nil) to attract and retain medical professionals.

5. 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, 2020 is \$Nil (2019 - \$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.

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Financial risks and concentration of risk (continued):

(d) Market risk:

Market risk is the risk that changes in market prices which effect 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 2019.

6. 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 Foundation has undertaken the following activities and experienced the following financial implications in relation to the COVID-19 pandemic:

- Increased cleaning protocols in offices and on equipment based on Provincial and Local Public Health recommendations
- Employees are asked to respect the two meter physical distancing guideline
- All individuals within the office are to wear masks in common areas and when maintaining two meter physical distancing for a prolonged period isn't possible
- Requiring certain staff to work from home in order to minimize the number of people working in the office premises
- Cancellation of a number of fund raising events and to consider holding them in 2021 depending upon the COVID-19 situation
- Launching special campaigns to raise funds for the purchase of critical medical equipment and to offset the funding shortfall from canceled events
- Significant contributions received from the community in the form of PPE supplies, homemade masks and food donations to the front line staff of the Foundation
- Employees are required to perform the Province of Ontario' COVID-19 self-assessment each morning before arriving for work
- Visitors to the office are required to perform the Province of Ontario' COVID-19 self-assessment before entering the office buildings
- Employees are encouraged to abide by Provincial recommendations in settings outside of the work environment on a regular basis

At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.