

Financial Statements of

**DEEP RIVER AND DISTRICT  
HOSPITAL FOUNDATION**

And Independent Auditors' Report thereon

Year ended March 31, 2021



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Deep River and District Hospital Foundation

### *Qualified Opinion*

We have audited the financial statements of Deep River and District Hospital Foundation (the Foundation), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations and changes in fund balances 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 Foundation as at March 31, 2021 and its results of operations and its cash flows for the year 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 Foundation derives revenue from donations and 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 Foundation.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at March 31, 2021 and March 31, 2020.
- the donation and fundraising revenues and excess (deficiency) of revenues over expenses reported in the statements of operations for the years ended end of March 31, 2021 and end of March 31, 2020.
- the fund balances, at the beginning and end of the year, reported in the statements of operations and changes fund balances for the years ended March 31, 2021 and March 31, 2020.
- the excess (deficiency) of revenues over expenses reported in the statement of cash flows for the years ended March 31, 2021 and March 31, 2020.



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 Foundation 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 the accounting policies established to comply with the 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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.



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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 Foundation'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 Foundation'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 Foundation 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
August 24, 2021

# DEEP RIVER AND DISTRICT HOSPITAL FOUNDATION

## Statement of Financial Position

As at March 31, 2021, with comparative information for 2020

	General Fund	Restricted Fund	Total 2021	Total 2020
<b>Assets</b>				
Cash and cash equivalents	\$ 336,533	14,658	\$ 351,191	\$ 1,506,960
Investments (note 2)	11,072	-	11,072	3,177
Accounts receivable	17,838	-	17,838	19,371
	<u>\$ 365,443</u>	<u>14,658</u>	<u>\$ 380,101</u>	<u>\$ 1,529,508</u>
<b>Liabilities and Fund Balances</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 20,292	-	\$ 20,292	\$ 64,593
Payable to Deep River and District Hospital (note 3)	347	-	347	67,132
	<u>20,639</u>	<u>-</u>	<u>20,639</u>	<u>131,725</u>
Fund balances:				
Unrestricted	344,804	-	344,804	487,687
Externally restricted	-	14,658	14,658	910,096
	<u>344,804</u>	<u>14,658</u>	<u>359,462</u>	<u>1,397,783</u>
	<u>\$ 365,443</u>	<u>14,658</u>	<u>\$ 380,101</u>	<u>\$ 1,529,508</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

# DEEP RIVER AND DISTRICT HOSPITAL FOUNDATION

## Statement of Operations and Changes in Fund Balances

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

	2021	2020	2021	2020	2021	2020
	General Fund		Restricted Fund		Total	Total
<b>Revenue:</b>						
Donations	\$ 183,797	305,638	-	-	\$ 183,797	\$ 305,638
Fundraising	46,152	484,814	-	-	46,152	484,814
Investment income	8,147	21,504	-	-	8,147	21,504
Unrealized gain (loss) on investments	1,653	(2,372)	-	-	1,653	(2,372)
	239,749	809,584	-	-	239,749	809,584
<b>Expenses:</b>						
Wages and employment benefits	56,999	65,110	-	-	56,999	65,110
Administrative support	25,000	25,000	-	-	25,000	25,000
Fundraising and program expenses	9,111	44,911	-	-	9,111	44,911
Professional fees	5,973	4,939	-	-	5,973	4,939
Interest and bank charges	4,763	2,015	-	-	4,763	2,015
Software licence	4,669	3,736	-	-	4,669	3,736
Office expenses	3,349	1,149	-	-	3,349	1,149
Advertising and promotion	-	1,208	-	-	-	1,208
Travel expense	-	105	-	-	-	105
	109,864	148,173	-	-	109,864	148,173
Excess before undernoted items	129,885	661,411	-	-	129,885	661,411
Transfer to Deep River and District Hospital (note 3)	-	-	(1,168,206)	(600,000)	(1,168,206)	(600,000)
Excess (deficiency) of revenue over expenses	129,885	661,411	(1,168,206)	(600,000)	(1,038,321)	61,411
Fund balances, beginning of year	487,687	455,249	910,096	881,123	1,397,783	1,336,372
Interfund transfers	(272,768)	(628,973)	272,768	628,973	-	-
Fund balances, end of year	\$ 344,804	487,687	14,658	910,096	\$ 359,462	\$ 1,397,783

See accompanying notes to financial statements.

# DEEP RIVER AND DISTRICT HOSPITAL FOUNDATION

## Statement of Cash Flows

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

	2021	2020
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (1,038,321)	\$ 61,411
Changes in non-cash working capital:		
Accounts receivable	1,533	(4,195)
Accounts payable and accrued liabilities	(44,301)	64,542
Payable to Deep River and District Hospital	(66,785)	(27,689)
	(1,147,874)	94,069
Investing activities:		
Net change in investments	(7,895)	(3,177)
Net increase (decrease) in cash	(1,155,769)	90,892
Cash and cash equivalents, beginning of year	1,506,960	1,416,068
Cash and cash equivalents, end of year	\$ 351,191	\$ 1,506,960

See accompanying notes to financial statements.

# DEEP RIVER AND DISTRICT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

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The Deep River and District Hospital Foundation (the "Foundation") is a non-profit, registered charitable organization. The primary objective of the Deep River and District Hospital Foundation is to raise funds for the Deep River and District Hospital.

The Foundation is a public foundation registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

## 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 Foundations' 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.

### (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.



# DEEP RIVER AND DISTRICT HOSPITAL FOUNDATION

## Notes to Financial Statements

Year ended March 31, 2021

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### 1. Significant accounting policies (continued):

(e) Investments:

Investments, which are held in equities, are recorded at their fair market value.

(f) Cash and cash equivalents:

Cash and cash equivalents consist of cash deposits with chartered banks and cashable guaranteed investment certificates.

(h) 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 not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

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 year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### 2. Investments:

Investments include cash and equities held with Credential Securities. At March 31, 2021, the equities have a fair value of \$4,802 and a book value of \$5,421, and at March 31, 2020 have a fair value of \$3,149 and a book value of \$5,421.

### 3. Related party transactions:

During the year, included in administrative support expenses in the statement of operations is \$25,000 (2020 - \$25,000) for administrative support provided by the Deep River and District Hospital.

The Foundation transferred \$1,168,206 (2020 - \$600,000) to the Deep River and District Hospital to fund capital expenditures.

Included in wages and employment benefit expenses in the statement of operations is \$56,999 (2020 - \$65,110) for salary and benefits which were paid by the Deep River and District Hospital.

# DEEP RIVER AND DISTRICT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

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## 4. Financial risk and concentration of risk:

### (a) 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 the accounts receivable. The Foundation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

### (b) 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.

### (c) Interest rate risk:

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

### (d) Other risks:

The Foundation's main sources of revenue are fundraising and donation revenues. 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. The Foundation halted all major fundraising campaigns as a result of the pandemic.

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. 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 Organization is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.

## 5. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2021 financial statements.