

Financial Statements of

**TEMISKAMING HOSPITAL
FOUNDATION**

Year ended March 31, 2018

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Temiskaming Hospital Foundation, which comprise the statement of financial position as at March 31, 2018, the statements of operations and changes in fund balance and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Temiskaming Hospital Foundation as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

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TEMISKAMING HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Cash	\$ 163,530	30,641
Long-term investments (note 3):		
Unrestricted	1,804,477	2,092,095
Restricted	100,993	100,993
	<u>1,905,470</u>	<u>2,193,088</u>
	<u>\$ 2,069,000</u>	<u>2,223,729</u>
Liabilities and Fund Balance		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,684	2,500
Deferred donation (note 4)	100,993	100,993
Note payable (note 5)	1,480,000	2,000,000
	<u>1,586,677</u>	<u>2,103,493</u>
Fund balance	482,323	120,236
	<u>\$ 2,069,000</u>	<u>2,223,729</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, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Donations	\$ 366,266	413,327
Interest	1,950	1,230
Investment gains (note 3)	124,635	54,229
	492,851	468,786
Expenses:		
Salaries	21,391	-
Investment management fees	18,535	3,864
Professional fees	11,088	29,806
Interest and bank charges	1,567	1,163
Office and general	255	26,846
	52,836	61,679
Excess of revenue over expenses before undernoted	440,015	407,107
Donation to Temiskaming Hospital (note 2)	(77,928)	(614,091)
Excess (deficiency) of revenue over expenses	362,087	(206,984)
Fund balance, beginning of year	120,236	327,220
Fund balance, end of year	\$ 482,323	120,236

See accompanying notes to financial statements.

TEMISKAMING HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 362,087	(206,984)
Changes in non-cash working capital:		
Increase (decrease) in accounts payable and accrued liabilities	3,184	(578)
	365,271	(207,562)
Investing activities:		
Decrease (increase) in investments	287,618	(1,819,586)
Financing activities		
Increase (decrease) in notes payable	(520,000)	2,000,000
Net increase (decrease) in cash	132,889	(27,148)
Cash, beginning of year	30,641	57,789
Cash, end of year	\$ 163,530	30,641

See accompanying notes to financial statements.

TEMISKAMING HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2018

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 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.

TEMISKAMING HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2018

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 \$77,928 (2017 - \$614,091) to the Temiskaming Hospital.

3. Investments

Investments are carried at fair market value.

The Foundation has internally restricted investments in the amount of \$100,993 (2017 - \$100,993) related to capital projects of the Temiskaming Hospital which are included in the General Fund Balance since the internal restriction relates to the core mandate of the Foundation.

The investment income includes unrealized gains on fair market value. In 2018, the investment income includes unrealized gain of \$68,889 (2017 - \$35,535).

4. Deferred donations

In 2013, the Foundation received a donation of \$100,993 from Aqueduct Foundation for the purchase of capital equipment for Temiskaming Hospital. The fund is restricted for a period of not less than 8 years.

TEMISKAMING HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2018

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 2017.

(b) Interest rate risk:

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

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.