

Timmins and District Hospital Foundation
Financial Statements
December 31, 2022

Timmins and District Hospital Foundation

Contents

For the year ended December 31, 2022

Page

Management's Responsibility

Independent Auditor's Report

Financial Statements

Statement of Financial Position 1

Statement of Operations 2

Statement of Changes in Net Assets 3

Statement of Cash Flows 4

Notes to the Financial Statements 5

Management's Responsibility

To the Directors of Timmins and District Hospital Foundation:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed entirely of Directors who are neither management nor employees of the Foundation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee is also responsible for recommending the appointment of the Foundation's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

March 29, 2023



Executive Director

To the Directors of Timmins and District Hospital Foundation:

Qualified Opinion

We have audited the financial statements of Timmins and District Hospital Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2022, and its financial performance 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 charitable organizations, the Foundation derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2022 and December 31, 2021 and assets and net assets as at December 31, 2022 and December 31, 2021. The audit opinion on the financial statements for the year ended December 31, 2021 was qualified accordingly because of the possible effects of the 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 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 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.

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 these 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 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 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 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.

We 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.

Timmins, Ontario
March 29, 2023

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants


MNP

Timmins and District Hospital Foundation
Statement of Financial Position

As at December 31, 2022

	GENERAL FUND	RESTRICTED FUND	ENDOWMENT FUND	2022 <i>Total</i>	2021 <i>Total</i>
Assets					
Current					
Cash	1,108,795	1,483,777	-	2,592,572	3,311,158
Term deposit (Note 4)	-	25,000	-	25,000	-
Accounts receivable (Note 3)	63,832	77,850	-	141,682	259,268
Prepaid expenses	16,647	-	-	16,647	20,404
	1,189,274	1,586,627	-	2,775,901	3,590,830
Tangible capital assets (Note 5)	91,693	-	-	91,693	108,263
Investments (Note 6)	-	1,999,388	1,979,432	3,978,820	2,998,652
	1,280,967	3,586,015	1,979,432	6,846,414	6,697,745
Liabilities					
Current					
Accounts payable and accrued liabilities (Note 7)	87,444	666,949	-	754,393	772,736
Interfund payable (receivable) (Note 8)	1,497,294	(1,497,294)	-	-	-
	1,584,738	(830,345)	-	754,393	772,736
Net Assets					
General fund	(303,771)	-	-	(303,771)	(118,428)
Restricted fund (Note 9)	-	4,416,360	-	4,416,360	3,902,117
Endowment fund	-	-	1,979,432	1,979,432	2,141,320
	(303,771)	4,416,360	1,979,432	6,092,021	5,925,009
	1,280,967	3,586,015	1,979,432	6,846,414	6,697,745

Approved on behalf of the Board of Directors



Director
Chair



Director
Treasurer

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital Foundation Statement of Operations

For the year ended December 31, 2022

	GENERAL FUND	RESTRICTED FUND	ENDOWMENT FUND	2022 Total	2021 Total
Fundraising revenues					
Donations (Note 10)	321,589	472,218	-	793,807	501,088
Fundraising	78,885	4,983,097	-	5,061,982	6,412,588
	400,474	5,455,315	-	5,855,789	6,913,676
Fundraising expenses					
Donation expenses (Note 10)	560	50,000	-	50,560	48,760
Fundraising expenses	38,000	3,386,440	-	3,424,440	3,999,850
	38,560	3,436,440	-	3,475,000	4,048,610
Net from fundraising activities	361,914	2,018,875	-	2,380,789	2,865,066
Operating expenses					
Advertising and promotion	16,040	-	-	16,040	4,727
Amortization	16,571	-	-	16,571	16,571
Membership fees	-	-	-	-	800
Office and general	60,562	-	-	60,562	57,529
Professional fees	28,037	-	-	28,037	21,108
Travel	155	-	-	155	-
Wages and employee benefits	447,856	72,634	-	520,490	433,379
	569,221	72,634	-	641,855	534,114
Net from operations	(207,307)	1,946,241	-	1,738,934	2,330,952
Other income (expenses)					
Investment income	21,964	11,059	99,278	132,301	43,478
Loss on disposal of investments	-	(57,005)	(152,281)	(209,286)	(76,981)
Unrealized gain (loss) from investments	-	30,073	(108,885)	(78,812)	62,037
	21,964	(15,873)	(161,888)	(155,797)	28,534
Excess (deficiency) of revenue over expenses before transfers	(185,343)	1,930,368	(161,888)	1,583,137	2,359,486
Transfers to Timmins and District Hospital	-	1,416,125	-	1,416,125	1,869,428
Excess (deficiency) of revenue over expenses	(185,343)	514,243	(161,888)	167,012	490,058

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital Foundation
Statement of Changes in Net Assets

For the year ended December 31, 2022

	<i>GENERAL FUND</i>	<i>RESTRICTED FUND</i>	<i>ENDOWMENT FUND</i>	<i>2022 Total</i>	<i>2021 Total</i>
Net assets, beginning year	(118,428)	3,902,117	2,141,320	5,925,009	5,434,951
Excess (deficiency) of revenue over expenses	(185,343)	514,243	(161,888)	167,012	490,058
Net assets, end of year	(303,771)	4,416,360	1,979,432	6,092,021	5,925,009

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital Foundation Statement of Cash Flows

For the year ended December 31, 2022

	GENERAL FUND	RESTRICTED FUND	ENDOWMENT FUND	2022	2021
Cash provided by (used for) the following activities					
Operating					
Excess (deficiency) of revenue over expenses	(185,343)	514,243	(161,888)	167,012	490,058
Amortization	16,571	-	-	16,571	16,570
Loss on disposal of investments	-	57,005	152,281	209,286	76,981
Unrealized loss (gain) from investments	-	(30,073)	108,885	78,812	(62,037)
	(168,772)	541,175	99,278	471,681	521,572
Changes in working capital accounts					
Accounts receivable	(32,561)	150,147	-	117,586	(118,454)
Prepaid expenses	3,757	-	-	3,757	(13,443)
Accounts payable and accrued liabilities	24,626	(42,970)	-	(18,344)	261,084
	(172,950)	648,352	99,278	574,680	650,759
Financing					
Interfund transfers	218,208	847,855	(1,066,063)	-	-
Investing					
Purchase of term deposits	-	(25,000)	-	(25,000)	-
Proceeds on disposal of term deposits	-	-	-	-	401,989
Purchase of tangible capital asset	-	-	-	-	(50,265)
Purchase of investments	-	(2,808,256)	(1,186,423)	(3,994,679)	(1,394,655)
Proceeds on disposal of investments	-	781,936	1,944,477	2,726,413	957,207
	-	(2,051,320)	758,054	(1,293,266)	(85,724)
Increase (decrease) in cash resources	45,258	(555,113)	(208,731)	(718,586)	565,035
Cash resources, beginning of year	1,063,537	2,038,890	208,731	3,311,158	2,746,123
Cash resources, end of year	1,108,795	1,483,777	-	2,592,572	3,311,158

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital Foundation

Notes to the Financial Statements

For the year ended December 31, 2022

1. Incorporation and nature of the organization

Timmins and District Hospital Foundation (the "Foundation") was incorporated without share capital in the jurisdiction of Ontario and is a registered charity and thus is exempt from income taxes under section 149 of the Income Tax Act ("the Act").

The Foundation's purpose is to raise funds for the acquisition of medical equipment and facilities for the Timmins and District Hospital.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions, and maintains three funds: General Fund, Restricted Fund and Endowment Fund.

The General Fund reports the Foundation's unrestricted contributions and fundraising activities. It also reports the direct costs associated with unrestricted contributions and the overhead expenditures of the Foundation. From time to time, management may allocate excess general funds to the restricted fund to be used for a specific purpose.

The Restricted Fund reports the contributions that donors request be allocated for a specific purpose or management may determine that the net proceeds from certain fundraising events be allocated for a specific purpose. The revenues, direct fundraising costs, and transfers associated with these contributions are reported in the restricted fund.

A General Endowment Fund was established under the Foundation's Planned Giving Program. Revenues and direct costs of the planned giving program as well as investment income of the endowment assets are reported in this fund. From time to time, management may allocate contributions to this fund at their discretion. The capital will not be used until the fund reaches an accumulated balance of \$5 million.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in the restricted fund.

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. Equipment is amortized over a five year period.

In the year of acquisition, amortization is taken at one-half of the above rate.

Investments

Long-term investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. They have been classified as long-term assets in concurrence with the nature of the investment.

Timmins and District Hospital Foundation

Notes to the Financial Statements

For the year ended December 31, 2022

2. Significant accounting policies (Continued from previous page)

Revenue recognition

The Foundation uses the restricted fund method of accounting for contributions. Restricted contributions related to donations and fundraising activities are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the General Fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as revenue in the Endowment Fund.

Investment income generated by fund investment assets is recognized as revenue in the related fund when earned.

Pledges are recognized as revenue when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Allocation of expenses

The Foundation engages in fundraising activities through its annual campaign and special events. The net proceeds of the campaign and the events may be restricted for specific purposes or may be allocated to the general fund at the discretion of the donor or by management. Management identifies specific costs associated with generating these revenues and allocates them to the appropriate fund. All other costs, including the wages and benefits of the Foundation staff, are included in the general fund operating expenses.

Contributed materials

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Foundation's operations and would otherwise have been purchased.

The Foundation engages volunteers to assist the Foundation with its fundraising and governance activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Measurement uncertainty (use of estimates)

The preparation of 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 reporting period.

These estimates include the Foundation's liability with respect to the allocation of revenue and expenses to its various funds. Accounts payable and accrued liabilities are estimated based on historical charges for unbilled goods and services at year-end. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Foundation recognizes financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Foundation has not made such an election during the year.

Timmins and District Hospital Foundation
Notes to the Financial Statements
For the year ended December 31, 2022

2. Significant accounting policies *(Continued from previous page)*

The Foundation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Foundation initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market;
- Debt instruments quoted in an active market;
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly); and
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received (refer to Note 7).

At initial recognition, the Foundation may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Foundation has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Foundation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess (deficiency) of revenue over expenses.

3. Accounts receivable

	2022	2021
Accounts receivable	89,215	227,997
Harmonized sales tax recoverable	52,467	31,271
	141,682	259,268

Timmins and District Hospital Foundation
Notes to the Financial Statements
For the year ended December 31, 2022

4. Term deposit

Balance consists of one term deposit held by a financial institution maturing on November 29, 2023 with interest rate of 4.7%.

5. Tangible capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2022 Net book value</i>	<i>2021 Net book value</i>
Equipment	196,253	104,560	91,693	108,263

6. Investments

	<i>2022</i>	<i>2021</i>
Measured at fair value:		
RBC Dominion Securities investment - Endowment Fund (cost: \$1,960,035; 2021 - \$2,870,376)	1,979,432	2,998,652
RBC Dominion Securities investment - Restricted Fund (cost: \$1,784,457; 2021 - \$Nil)	1,814,543	-
Credential Asset Management investment - Restricted Fund (cost: \$184,845; 2021 - \$Nil)	184,845	-
	3,978,820	2,998,652

7. Related party transactions

The Foundation is related to Timmins and District Hospital due to common directors and shared operational space. The purpose of the Foundation is to raise funds for the acquisition of medical equipment and facilities for the Timmins and District Hospital.

From time to time, Timmins and District Hospital makes certain expenditures (payroll, supplies, etc) on behalf of the Foundation. These transactions were conducted in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Accounts payable of \$44,245 (2021 - \$35,769) were owed to the Timmins and District Hospital at December 31, 2022.

Cash transfers made to the Hospital are shown separately in the statement of operations and net assets.

8. Interfund transactions

During the year, the Foundation transferred \$Nil (2021 - \$136,000) from the General Fund to the Foundation's Restricted Fund to replenish the urgent equipment fund.

During the year, and from time to time, a fund will receive donations or make expenditures on behalf of one or more of the other funds. These interfund balances are repayable within one year.

9. Restricted fund

The Foundation has committed funds in the amount of \$4,416,360 (2021 - \$3,902,117) for transfer to the Timmins and District Hospital for the purchase of specified equipment.

10. Contributed materials and services

Included in donation revenues and donation expenses in the statement of operations is \$35,776 (2021 - \$4,066) representing the estimated fair value of contributed materials.

Timmins and District Hospital Foundation
Notes to the Financial Statements
For the year ended December 31, 2022

11. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investment in mutual funds.