

**DEVON GENERAL
HOSPITAL FOUNDATION**

DEVON, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Devon General Hospital Foundation:

Qualified Opinion

We have audited the accompanying financial statements of Devon General Hospital Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2021 and the statement of operations and 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 March 31, 2021, 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.

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 fundraising revenue, excess of revenues over expenditures, and cash flows from operations, assets, liabilities, and net assets for the year ended March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation of scope.

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 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 ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 relating 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.

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Auditors' Responsibility 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 it 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 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.

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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
September 21, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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. 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 responsibility 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 the financial statements.

The Board of Directors of Devon General Hospital Foundation are composed entirely of individuals who are neither management nor employees of the Foundation. The Board of Directors have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Board of Directors are also responsible for the appointment of the Foundation's external auditor.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board of Directors to audit the financial statements and to report directly to them. The external auditors have full and free access to meet periodically and separately with the Board of Directors and management to discuss their audit findings.

Devon, Alberta
September 21, 2021

Barbara Wallace, Board Chair

Deborah Nonay, Vice Chair

DEVON GENERAL HOSPITAL FOUNDATION
Statement of Financial Position
As at March 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	\$ 126,856	\$ 108,944
Short-term investments (Note 3)	300,000	300,934
Accounts receivable (Note 4)	37,223	26,380
Inventory	<u>13,114</u>	<u>15,296</u>
	477,193	451,554
Long-term investments (Note 5)	1,007,291	1,059,964
Restricted cash (Note 6)	<u>24,931</u>	<u>8,663</u>
	<u>\$ 1,509,415</u>	<u>\$ 1,520,181</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable and accrued liabilities	\$ 12,054	\$ 6,949
Deferred revenue	<u>-</u>	<u>421</u>
	12,054	7,370
Deferred casino revenue (Note 7)	<u>24,931</u>	<u>8,663</u>
	<u>36,985</u>	<u>16,033</u>
 <u>Net Assets</u>		
Unrestricted net assets	<u>1,472,430</u>	<u>1,504,148</u>
	<u>\$ 1,509,415</u>	<u>\$ 1,520,181</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Board Chair

_____ Treasurer

The accompanying notes are an integral part of these financial statements.

DEVON GENERAL HOSPITAL FOUNDATION**Statement of Operations****As at March 31, 2021**

	<u>2021</u>	<u>2020</u>
<u>Revenue</u>		
Investment income	\$ 27,603	\$ 29,336
Casino (Note 7)	19,622	18,400
Donations	16,586	1,049,198
Grants	15,000	15,000
Gift shop and rentals (Note 10)	2,322	50,618
Other programs	<u>921</u>	<u>32,022</u>
	<u>82,054</u>	<u>1,194,574</u>
 <u>Expenditures</u>		
Donations	73,336	53,050
Bursary	9,500	7,000
Other programs	9,310	22,164
Professional fees	8,850	8,604
Advertising and promotion	7,827	17,846
Stationery and postage	2,491	4,497
Meetings and conventions	1,240	506
Gift shop (Note 10)	646	19,521
Bank charges and interest	<u>570</u>	<u>1,534</u>
	<u>113,770</u>	<u>134,722</u>
 Excess (deficiency) of revenue over expenditures	 \$ <u>(31,716)</u>	 \$ <u>1,059,852</u>

The accompanying notes are an integral part of these financial statements.

DEVON GENERAL HOSPITAL FOUNDATION
Statement of Changes in Net Assets
As at March 31, 2021

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 1,504,147	\$ 444,295
Excess (deficiency) of revenue over expenditures	<u>(31,716)</u>	<u>1,059,852</u>
Balance, end of year	<u>\$ 1,472,431</u>	<u>\$ 1,504,147</u>

DEVON GENERAL HOSPITAL FOUNDATION
Statement of Cash Flows
As at March 31, 2021

	<u>2021</u>	<u>2020</u>
<u>Operating Activities</u>		
Cash from operations		
Excess (deficiency) of revenue over expenditures	\$ (31,716)	\$ 1,059,852
Change in non-cash working capital balances related to operations:		
Accounts receivable	(10,843)	(21,260)
Prepaid expenses and deposits	2,182	(9,946)
Accounts payable and accrued liabilities	5,103	(12,190)
Deferred revenue	<u>(421)</u>	<u>421</u>
	<u>(35,695)</u>	<u>1,016,877</u>
<u>Investing Activities</u>		
Net decrease (increase) in long-term investments	52,673	(906,749)
Net decrease (increase) in short-term investments	<u>934</u>	<u>(93,684)</u>
	<u>53,607</u>	<u>(1,000,433)</u>
<u>Financing Activities</u>		
Withdrawals from (deposits into) restricted cash and short-term investments	(16,268)	4,177
Net increase (decrease) in deferred casino revenue	<u>16,268</u>	<u>(4,177)</u>
	<u>-</u>	<u>-</u>
Change in cash during the year	17,912	16,444
Cash, beginning of year	<u>108,944</u>	<u>92,500</u>
Cash, end of year	<u>\$ 126,856</u>	<u>\$ 108,944</u>

The accompanying notes are an integral part of these financial statements.

DEVON GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements

As at March 31, 2021

1. NATURE OF OPERATIONS

The Foundation was established and regulated under the *Hospital's Act* on April 1, 1994, as amended and continued under the Regional Health Authorities Foundation Regulation (Alberta Regulation 28/2007). The Foundation solicits, receives, and administers donations from individuals, corporations, and other organizations and groups. Donated funds are used to maintain and enhance hospital care and to further health care education for the people of the community serviced by the Devon General Hospital site of Alberta Health Services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of Presentation*

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

(b) *Cash*

Cash consists of cash on hand and balance in bank accounts, excluding restricted cash. All funds are held in Canadian currency.

(c) *Investments*

Investments are classified as held-to-maturity and recorded at amortized cost. Short-term investments are term deposits and GICs whose maturity date is one year or less from purchase date. Long-term investments are term deposits and GICs whose maturity date is one year or more from purchase date.

Patronage shares held with Servus Credit Union are recorded at the fair value.

(d) *Revenue Recognition*

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Dividend income is recognized when received. Interest income is accrued based on the number of days the investment is held during the period.

The Foundation recognizes revenue for the sale of products or services when goods and services are delivered to customers.

(e) *Contributed Goods and Services*

Contributed goods and services represent goods and services which the Foundation would normally purchase. Contributed goods are recorded at their fair value. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(f) *Measurement Uncertainty*

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Significant areas requiring the use of management's estimates include the amount of the interest income accrual. All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

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DEVON GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements

As at March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) *Financial Instruments*

The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instruments.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and cash equivalents, guaranteed investment certificates, accounts receivable and Servus Credit Union common shares.

Financial assets measured at fair value include marketable securities.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Foundation measures an asset exchanged or transferred in a non-monetary transaction at the more reliably measurable of the fair value of the asset given up and the fair value of the asset or service received.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

3. SHORT-TERM INVESTMENTS

	<u>Purchase date</u>	<u>Maturity Date</u>	<u>Interest rate</u>	<u>2021</u>	<u>2020</u>
Servus Credit Union	04/18/2020	04/18/2021	1.10%	\$ 100,000	\$ -
ATB Financial	11/26/2020	11/26/2021	0.50%	50,000	50,000
Servus Credit Union	04/18/2020	04/18/2021	1.10%	50,000	-
Servus Credit Union	04/18/2020	04/18/2021	1.10%	50,000	-
RBC	03/01/2021	03/01/2022	0.40%	50,000	-
Servus Credit Union	04/18/2019	04/18/2020	2.30%	-	200,000
RBC	02/19/2019	02/18/2020	1.85%	-	50,934
				<u>\$ 300,000</u>	<u>\$ 300,934</u>

DEVON GENERAL HOSPITAL FOUNDATION**Notes to Financial Statements****As at March 31, 2021****4. ACCOUNTS RECEIVABLE**

	<u>2021</u>	<u>2020</u>
Accrued interest	\$ 23,662	\$ 25,856
Trade receivables	11,989	-
Goods and Services Tax rebate	<u>1,572</u>	<u>524</u>
	<u>\$ 37,223</u>	<u>\$ 26,380</u>

5. LONG-TERM INVESTMENTS

	<u>Purchase date</u>	<u>Maturity Date</u>	<u>Interest rate</u>	<u>2021</u>	<u>2020</u>
Servus Credit Union	04/24/2019	04/24/2021	2.30%	\$ 500,000	\$ 500,000
Servus Credit Union	04/24/2019	04/24/2021	2.30%	250,000	250,000
Servus Credit Union	04/24/2019	04/24/2021	2.30%	250,000	250,000
Patronage shares	NA	NA	NA	7,291	7,076
Servus Credit Union	10/17/2018	04/17/2020	2.30%	<u>-</u>	<u>52,888</u>
				<u>\$ 1,007,291</u>	<u>\$ 1,059,964</u>

6. RESTRICTED CASH

	<u>2021</u>	<u>2020</u>
Cash (casino)	<u>\$ 24,931</u>	<u>\$ 8,663</u>

7. DEFERRED CASINO REVENUE

Pursuant to the requirements set out by Alberta Gaming, Liquor and Cannabis, funds raised through casinos and not yet expensed have been designated as being held for future years' expenses of the following type:

- (a) Building, capital, repairs, operations;
- (b) Equipment purchase and repairs;
- (c) Special program support and development; and
- (d) Travel - in province.

Details of deferred revenue are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of the year	\$ 8,663	\$ 12,840
Casino revenue received	35,890	14,223
Casino revenue utilized	<u>(19,622)</u>	<u>(18,400)</u>
Balance, end of the year	<u>\$ 24,931</u>	<u>\$ 8,663</u>

DEVON GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements

As at March 31, 2021

8. FINANCIAL INSTRUMENTS

It is management's opinion that the Foundation is not exposed to significant interest rate, market, currency rate or other price risk through its financial instruments. The following analysis provides information about the Foundation's risk exposure and concentration as of March 31, 2021.

Liquidity risk

Liquidity risk is the risk the Foundation will encounter difficulties in meeting its financial liability obligations. The Foundation is exposed to this risk mainly in respect of its receipt of funds from its donors, funding agencies, and accounts payable. The Foundation mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its fixed rate guaranteed investment certificates and floating rate credit facilities.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

10. IMPACT OF COVID-19

During the fiscal year, the gift shop ceased operations due to COVID-19. Operations are expected to resume once the risk of COVID-19 has been mitigated to a reasonable level. The foundation has been following the regulations and guidelines proposed by the Federal, Provincial, and Municipal governments to help fight against the spread of COVID-19.