

Sundridge and District Medical Centre

Independent Auditor's Report and Financial Report

December 31, 2024

Sundridge and District Medical Centre

Financial Report

December 31, 2024

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Management's Responsibility for the Financial Statements

The accompanying financial statements of the Sundridge and District Medical Centre (the "Centre") are the responsibility of the Centre's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 2 to the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Centre's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and recorded in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management. The Centre's Board meets with management and the external auditor to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Baker Tilly SNT LLP, independent external auditor appointed by the Centre. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Centre's financial statements.

Treasurer
September 10, 2025

Independent Auditor's Report

To the Members of the Sundridge and District Medical Centre

Opinion

We have audited the financial statements of the Sundridge and District Medical Centre, which comprise the statement of financial position as at December 31, 2024, and the statements of operations and accumulated surplus, cash flows, and change in net debt for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sundridge and District Medical Centre as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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 Centre 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 opinion.

Other Matter

The financial statements of the Sundridge and District Medical Centre for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion of those statements on October 23, 2024.

Independent Auditor's Report (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, 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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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 Centre's internal control.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 Centre'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 Centre 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.

North Bay, Ontario
September 10, 2025

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Sundridge and District Medical Centre
Statement of Financial Position
December 31, 2024

	<u>2024</u>	<u>2023</u>
Financial Assets		
Cash	\$ 843,112	\$ 909,870
Accounts receivable (note 4)	<u>31,471</u>	<u>129,772</u>
	<u>874,583</u>	<u>1,039,642</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	156,393	86,602
Deferred revenues (note 6)	18,084	59,663
Long-term debt (note 7)	1,452,120	1,476,621
Employee future benefits payable (note 8)	<u>1,813</u>	<u>1,343</u>
	<u>1,628,410</u>	<u>1,624,229</u>
Net Debt	<u>(753,827)</u>	<u>(584,587)</u>
Non-Financial Assets		
Tangible capital assets (note 9)	1,898,427	1,689,575
Prepaid expenses	<u>14,692</u>	<u>-</u>
	<u>1,913,119</u>	<u>1,689,575</u>
Accumulated Surplus (note 10)	<u>\$ 1,159,292</u>	<u>\$ 1,104,988</u>

Approved by:

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

Sundridge and District Medical Centre
Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2024

	<u>2024</u>		<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Unaudited)		
Revenues			
Municipal contributions			
- Township of Joly	\$ 16,335	\$ 16,335	\$ 15,562
- Township of Strong	81,677	81,677	77,809
- Village of Sundridge	65,342	65,342	62,247
Government grants and transfers - Provincial	-	-	84,746
Rental	108,690	108,176	108,176
Other	83,310	86,446	37,161
Rural and Northern Physicians Group and Nurse Practitioner	397,208	395,977	404,686
Loss on disposal of tangible capital assets	-	(7,187)	-
Total revenues	<u>752,562</u>	<u>746,766</u>	<u>790,387</u>
Expenses			
Rural and Northern Physicians Group and Nurse Practitioner	499,203	454,222	458,545
Interest on long-term debt	69,555	69,555	70,684
Materials and supplies	64,620	68,881	50,383
Contracted services	39,200	40,062	33,114
Rents and financial expenses	925	687	924
Amortization of tangible capital assets	59,055	59,055	43,528
Total expenses	<u>732,558</u>	<u>692,462</u>	<u>657,178</u>
Annual surplus	20,004	54,304	133,209
Accumulated surplus, beginning of year	<u>1,104,988</u>	<u>1,104,988</u>	<u>971,779</u>
Accumulated surplus, end of year	<u>\$ 1,124,992</u>	<u>\$ 1,159,292</u>	<u>\$ 1,104,988</u>

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

Sundridge and District Medical Centre
Statement of Cash Flows
For The Year Ended December 31, 2024

	<u>2024</u>	<u>2023</u>
Operating transactions		
Annual surplus	\$ 54,304	\$ 133,209
Cash provided by (applied to)		
Non-cash items:		
Employee future benefits payable	470	627
Amortization of tangible capital assets	59,055	43,528
Loss on disposal of tangible capital assets	7,187	-
Change in non-cash working capital balances		
Decrease in accounts receivable	98,301	684,063
Increase (decrease) in accounts payable and accrued liabilities	69,791	(216,674)
Decrease in deferred revenues	(41,579)	(13,733)
Increase in prepaid expenses	(14,692)	-
Cash provided by operating transactions	<u>232,837</u>	<u>631,020</u>
Capital transactions		
Acquisition of tangible capital assets	(275,094)	(232,906)
Cash applied to capital transactions	<u>(275,094)</u>	<u>(232,906)</u>
Financing transactions		
Long-term debt repaid	(24,501)	(23,379)
Cash applied to financing transactions	<u>(24,501)</u>	<u>(23,379)</u>
Increase (decrease) in cash	(66,758)	374,735
Cash, beginning of year	<u>909,870</u>	<u>535,135</u>
Cash, end of year	<u>\$ 843,112</u>	<u>\$ 909,870</u>

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

Sundridge and District Medical Centre
Statement of Change in Net Debt
For The Year Ended December 31, 2024

	<u>2024</u> Budget <small>(Unaudited)</small>	<u>2024</u> Actual	<u>2023</u> Actual
Annual surplus	\$ 20,004	\$ 54,304	\$ 133,209
Amortization of tangible capital assets	59,055	59,055	43,528
Loss on disposal of tangible capital assets	-	7,187	-
Acquisition of tangible capital assets	(271,875)	(275,094)	(232,906)
Change in prepaid expenses	-	(14,692)	-
Decrease in net debt	(192,816)	(169,240)	(56,169)
Net debt, beginning of year	(584,587)	(584,587)	(528,418)
Net debt, end of year	\$ (777,403)	\$ (753,827)	\$ (584,587)

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

Sundridge and District Medical Centre

Notes to the Financial Statements

December 31, 2024

1. Status and Nature of Activities

The Sundridge and District Medical Centre (the "Centre") is a joint board of the Corporation of the Village of Sundridge, the Corporation of the Township of Strong, and the Corporation of the Township of Joly. Its mandate is to provide medical services.

The contributions towards the Centre are in the following proportions:

	<u>2024</u>	<u>2023</u>
The Corporation of the Township of Joly	10 %	10 %
The Corporation of the Township of Strong	50 %	50 %
The Corporation of the Village of Sundridge	40 %	40 %

2. Significant Accounting Policies

These financial statements of the Centre are the representation of management prepared in accordance with accounting policies recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

(a) Basis of Accounting

(i) Accrual Basis

The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services, and the creation of a legal obligation to pay.

(ii) Cash

Cash includes cash on hand and balances held at financial institutions.

(iii) Deferred Revenues

Deferred revenues represent revenues that have been collected for which the related services have yet to be performed. Revenue is recognized in the period when the services are performed.

(iv) Employee Future Benefits

Obligations for sick leave are accrued as the eligible employees render the services necessary to earn the benefits.

Sundridge and District Medical Centre
Notes to the Financial Statements
December 31, 2024

2. Significant Accounting Policies (Continued)

(a) Basis of Accounting (Continued)

(v) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net debt for the year.

i) *Tangible Capital Assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development, or betterment of the asset, and legally or contractually required retirement activities. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	20 years
Buildings	20 to 50 years
Equipment and furniture	5 to 10 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets received as donations are recorded at their fair value at the date of receipt and also are recorded as revenue.

ii) *Prepaid Expenses*

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

(vi) Other Revenues

Rural and Northern Physicians Group and Nurse Practitioner, and rental revenues are recognized in the period in which the revenue relates.

Other income is recognized when earned and collection is reasonably assured.

Sundridge and District Medical Centre

Notes to the Financial Statements

December 31, 2024

2. Significant Accounting Policies (Continued)

(a) Basis of Accounting (Continued)

(vii) Government Grants and Transfers

Government transfers, such as municipal contributions and grants, are recognized in the financial statements in the period in which events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when, and to the extent that stipulations associated with the transfer give rise to a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. The transfer revenue is recognized in the statement of operations and accumulated surplus as the stipulations giving rise to the liabilities are settled.

(viii) Use of Estimates

The preparation of financial statements in conformity with the Canadian Public Sector Accounting Standards requires management to make estimates and assumptions. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results. Accounts subject to significant estimates include the useful life of tangible capital assets and the related amortization, and employee future benefits payable. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

(ix) Financial Instruments

Financial instruments are classified at either fair value or amortized cost.

Financial instruments classified at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt. They are initially recorded at their fair value and subsequently carried at amortized cost using the effective interest rate method, less impairment. Transaction costs are added to the carrying value of the instrument.

Sundridge and District Medical Centre

Notes to the Financial Statements

December 31, 2024

3. Change in Accounting Policies

On January 1, 2024, the Centre adopted the following standards on a prospective basis: PS 3400 - *Revenue*, PSG-8 - *Purchased Intangibles* and PS 3160 - *Public Private Partnerships (P3s)*. The adoption of these standards had no impact on the opening balances.

Section PS 3400 - *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

Guideline PSG-8 - *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

Section PS 3160 - *Public Private Partnerships (P3s)* provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

4. Accounts Receivable

	<u>2024</u>	<u>2023</u>
Federal government	\$ 30,625	\$ 37,477
Province of Ontario	-	79
Other municipalities	-	7,948
Other	<u>846</u>	<u>84,268</u>
	<u>\$ 31,471</u>	<u>\$ 129,772</u>

5. Accounts Payable and Accrued Liabilities

	<u>2024</u>	<u>2023</u>
Federal government	\$ 6,446	\$ -
Province of Ontario	1,601	1,339
Other municipalities	59,439	58,102
Accrued interest	8,863	9,013
Other	<u>80,044</u>	<u>18,148</u>
	<u>\$ 156,393</u>	<u>\$ 86,602</u>

Sundridge and District Medical Centre
Notes to the Financial Statements
December 31, 2024

6. Deferred Revenues

Deferred revenues set-aside for specific purposes are comprised of the following:

	Balance as at December 31, 2023	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2024
Rural and Northern Physicians Group	\$ 16,853	\$ 231,755	\$ 230,524	\$ 18,084
Nurse Practitioner	42,810	165,453	208,263	-
Total Deferred Revenues	\$ 59,663	\$ 397,208	\$ 438,787	\$ 18,084

7. Long-Term Debt

	<u>2024</u>	<u>2023</u>
Debenture loan, assumed from the Village of Sundridge, repayable in semi-annual instalments of \$47,103, including interest at the fixed rate of 4.74%, maturing November 3, 2052	\$ 1,452,120	\$ 1,476,621

Principal instalments required to be paid over the next five years are as follows:

2025	\$ 25,676
2026	26,907
2027	28,198
2028	29,550
2029	32,452
Thereafter	<u>1,309,337</u>
Total	<u>\$ 1,452,120</u>

8. Employee Future Benefits Payable

Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and eligible employees may become entitled to a cash payment when they leave the Centre's employment. The sick leave liability estimates the use of accumulated sick leave prior to retirement, as well as any lump sum payments upon retirement, and assumes that both the appropriate discount rate, and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$1,813 (2023 - \$1,343) at the end of the year.

Sundridge and District Medical Centre
Notes to the Financial Statements
December 31, 2024

9. Tangible Capital Assets

	Cost			Accumulated Amortization			Net Book Value			
	Balance, beginning of year	Additions	Transfers / Disposals	Balance, end of year	Balance, beginning of year	Amortization	Disposals	Balance, end of year	December 31, 2024	December 31, 2023
Land and land improvements	\$ 423,729	\$ 250,044	\$ 14,143	\$ 687,916	\$ 33,468	\$ 24,726	\$ -	\$ 58,194	\$ 629,722	\$ 390,261
Buildings	1,390,674	25,050	(9,457)	1,406,267	141,472	28,062	(2,270)	167,264	1,239,003	1,249,202
Equipment and furniture	73,922	-	-	73,922	37,953	6,267	-	44,220	29,702	35,969
Work in progress	14,143	-	(14,143)	-	-	-	-	-	-	14,143
	<u>\$ 1,902,468</u>	<u>\$ 275,094</u>	<u>\$ (9,457)</u>	<u>\$ 2,168,105</u>	<u>\$ 212,893</u>	<u>\$ 59,055</u>	<u>\$ (2,270)</u>	<u>\$ 269,678</u>	<u>\$ 1,898,427</u>	<u>\$ 1,689,575</u>

Sundridge and District Medical Centre

Notes to the Financial Statements

December 31, 2024

10. Accumulated Surplus

	<u>2024</u>	<u>2023</u>
Surplus		
Invested in tangible capital assets	\$ 1,898,427	\$ 1,689,575
General (a)	15,783	74,004
Unfunded liabilities		
Long-term debt	(1,452,120)	(1,476,621)
Employee future benefits payable	(1,813)	(1,343)
Total surplus	<u>460,277</u>	<u>285,615</u>
Reserves		
Nurse Practitioner	42,810	-
Working capital	656,205	819,373
Total reserves	<u>699,015</u>	<u>819,373</u>
Accumulated Surplus	<u>\$ 1,159,292</u>	<u>\$ 1,104,988</u>

(a) General Surplus:

The general surplus of \$15,783 (2023 - \$74,004) at the end of the year is comprised of the following:

	<u>2024</u>	<u>2023</u>
Opening balance	\$ 74,004	\$ 972,298
Annual surplus	54,304	133,209
Transfer (to) from reserves	120,358	(819,373)
Net change in tangible capital assets	(208,852)	(189,378)
Decrease in unfunded liabilities	<u>(24,031)</u>	<u>(22,752)</u>
Closing balance	<u>\$ 15,783</u>	<u>\$ 74,004</u>

11. Related Party Transactions

The related party transactions below are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

Sundridge and District Medical Centre

Notes to the Financial Statements

December 31, 2024

11. Related Party Transactions (Continued)

The following table summarizes the Centre's related party transactions with its contributing municipalities during the year:

	<u>2024</u>	<u>2023</u>
Municipal contributions		
Township of Joly	\$ 16,335	\$ 15,562
Township of Strong	81,677	77,809
Village of Sundridge	65,342	62,247
Expenses		
Village of Sundridge		
Administration - Rural and Northern		
Physicians Group and Nurse Practitioner	\$ 7,320	\$ 7,320
Administration - secretary and general operations	1,800	2,625
Janitorial services and snow removal	11,000	9,070
Property taxes	12,383	11,992
At the end of the year, amounts due to (from) are as follows:		
Township of Joly	\$ 298	\$ 298
Township of Strong	6,000	(6,360)
Village of Sundridge	53,141	56,216

12. Financial Instruments

Risks arising from financial instruments and risk management

The Centre is exposed to a variety of financial risks including credit risk, liquidity risk and market risk.

There have been no changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Credit risk

Credit risk is the risk of losses resulting from a counterparty's failure to honour its contractual obligations. The Centre is exposed to credit risk to the extent that accounts receivable are not collected in a timely manner. The Centre's financial assets consisting of cash and accounts receivable are subject to credit risk. The carrying amounts of financial assets on the statement of financial position represent the maximum credit risk of the Centre at the date of the statement of financial position. The Centre does not believe it is subject to significant credit risk.

Sundridge and District Medical Centre
Notes to the Financial Statements
December 31, 2024

12. Financial Instruments (Continued)

Liquidity risk

Liquidity risk is the risk that the Centre will not be able to meet its financial obligations as they become due. The Centre's financial liabilities include accounts payable and accrued liabilities, and long-term debt. The Centre maintains sufficient resources to meet its obligations. The Centre does not believe it is subject to significant liquidity risk.

Market risk

Market risk is the risk of changes in the fair value of financial instruments resulting from fluctuations in the market. The Centre is exposed to currency risk, interest risk, and price risk to the extent that the fair value of a financial instrument will fluctuate as a result of market factors. The Centre's financial instruments consisting of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt are subject to market risk. The Centre does not believe it is subject to significant market risk.

13. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Centre. The budget approved by the Centre is based on a model used to manage spending within the guidelines of the model. Given the differences between the model and generally accepted accounting principles established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with this basis of accounting that is used to prepare the financial statements. The budget figures are unaudited.

	<u>2024</u>	<u>2023</u>
Budget By-law surplus for the year	\$ -	\$ -
Add: Acquisition of tangible capital assets	271,875	274,939
Municipal debt repaid	24,581	23,380
Contributions to reserves	42,810	-
Less: Amortization of tangible capital assets	(59,055)	(43,528)
Contributions from reserves	(185,000)	(162,295)
Decrease in general surplus	<u>(75,207)</u>	<u>-</u>
 Budget surplus per statement of operations and accumulated surplus	 <u>\$ 20,004</u>	 <u>\$ 92,496</u>

Sundridge and District Medical Centre
Notes to the Financial Statements
December 31, 2024

14. Expenses by Object

	<u>2024</u>	<u>2023</u>
Salaries, wages, and employee benefits	\$ 151,086	\$ 143,904
Interest on long-term debt	69,555	70,684
Materials and supplies	95,457	116,018
Contracted services	248,008	213,505
Rents and financial expenses	69,301	69,539
Amortization of tangible capital assets	<u>59,055</u>	<u>43,528</u>
	<u>\$ 692,462</u>	<u>\$ 657,178</u>

15. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

AUDIT FINDINGS REPORT

Presented to the Sundridge and District Medical Centre

Prepared by Baker Tilly SNT
September 10, 2025

PURPOSE OF THE REPORT

We have been engaged to express an audit opinion on the financial statements of Sundridge and District Medical Centre ("the entity") for the year ended December 31, 2024. We have substantially completed our audit and are pleased to report our findings to date.

The purpose of this report is to summarize certain aspects of the audit that we believe to be of interest to the entity. This report should be read in conjunction with the draft financial statements and our audit report thereon.

We have received full cooperation during the course of our audit and unrestricted access to all documents, books and records. We did not encounter any significant difficulties during the audit.

This report is intended for use by the entity only.





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RESPONSIBILITIES

AUDITOR	BOARD OF DIRECTORS	MANAGEMENT
<p>Express an opinion on whether the financial statements present fairly, in all material respects, the financial position and its results of its operations and its cash flows for the year in accordance with Canadian Public Sector Accounting Standards</p> <p>Perform the audit in accordance with Canadian generally accepted auditing standards</p> <p>Assess risk that the financial statements may contain material misstatements that, individually or in the aggregate are material to the financial statements as a whole</p>	<p>Act as an objective, independent liaison between the auditor and management</p> <p>Assist in the planning process when appropriate</p> <p>Meet with the auditors prior to the release and approval of the audited financial statements to review the audit, disclosure and compliance issues</p>	<p>Ensure financial statements are prepared and presented in accordance with Canadian Public Sector Accounting Standards</p> <p>Ensure completeness of information with regards to financial records and data and provide information on non-compliance, illegal acts, related party transactions</p> <p>Ensure proper controls are in place to prevent and detect fraud and error, assess risk and provide information on any fraud or suspected fraud</p>



RESPONSIBILITIES (continued)

AUDITOR	BOARD OF DIRECTORS	MANAGEMENT
<p>Assessing the accounting policies used and their application</p>	<p>Review selection of accounting policies</p>	<p>Ensure proper recognition, measurement and disclosure for selection of accounting policies, significant assumptions, future plans, related party transactions, any claims and possible claims and contingent gains and losses</p>
<p>Assessing the significant estimates made by management</p>	<p>Review and approve draft financial statements</p>	<p>Provide a written confirmation of significant representations to the auditor</p>
<p>Examine on a test basis, evidence supporting the amounts and disclosures in the financial statements</p>	<p>Advise auditor of any issues of disclosure, governance, fraud or illegal acts</p>	

OUR AUDIT PROCESS

1 INITIAL PLANNING

- Assess and respond to engagement risk
- Assessment of audit management process
- Enhance understanding of the entity and accounting processes
- Determine planning materiality
- Perform walkthroughs
- Establish an overall audit strategy

2 DEVELOP THE AUDIT PLAN

- Assess risk at account balance and potential error levels
- Plan use of working papers
- Plan substantive and control tests

3 EXECUTE THE AUDIT PLAN

- Perform substantive and control tests including sampling techniques using the appropriate tools and software
- Review completion documents and working papers for areas with significant or high risk

4 REPORT & ASSESS PERFORMANCE

- Obtain management representations
- Complete engagement reporting
- Issue audit report and management letter
- Summarize audit results
- Assess engagement quality



OUR AUDIT APPROACH

We determined, based on our understanding of internal controls, that limited reliance would be placed on the system of internal controls due to the size of the entity.

Testing of internal controls was not, in our view, cost effective for the level of assurance such tests would provide.

We adopted a substantive approach for the audit.





AUDIT RISKS & RESULTS

There were no significant audit risks identified.

SIGNIFICANT FINDINGS FROM THE AUDIT

Audit Opinion

The Independent Auditor's Report will be issued without modification.

Accounting Policies

On January 1, 2024 the entity adopted the following new accounting policies:

- PS 3400 Revenue
- PSG-8 Purchased Intangibles
- PS 3160 Public Private Partnerships (P3s)

The adoption of these policies had no impact on the opening balances.

Key Estimates

Key estimates in the financial statements include:

- Useful life of tangible capital assets and the related amortization
- Employee future benefits payable



MATERIALITY

Materiality is the term used to describe the significance of financial statement information to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgement in the particular circumstances.

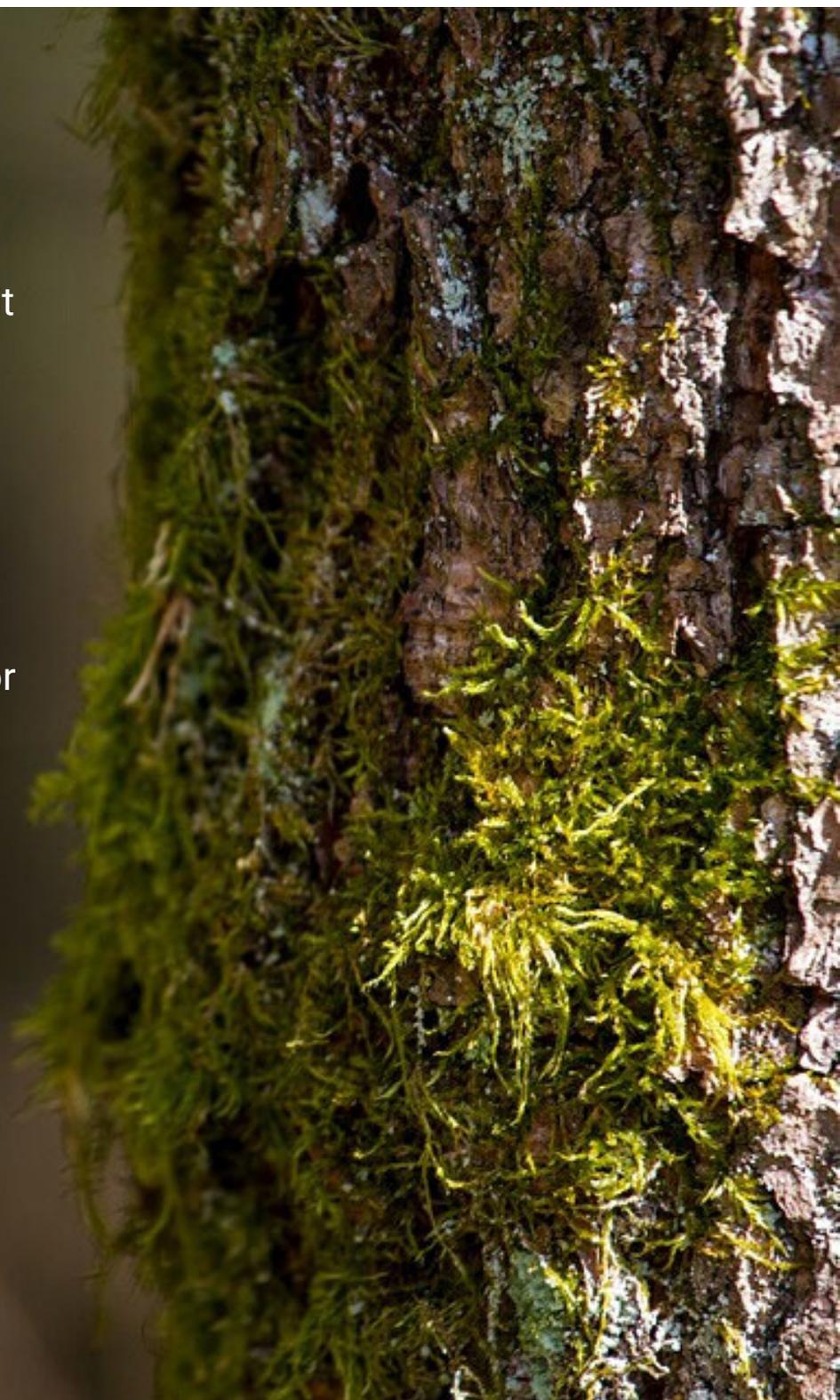
FACTORS	COMMENTS	AMOUNT
Basis for Calculation	Total expenses	\$ 692,462
Factors Used	Middle of the range accepted by Canadian Auditing Standards	2.50%
Overall Materiality	Level at which misstatements individually or in aggregate would affect the decisions of the users of the financial statements	\$ 17,000
Performance Materiality	Amount that is used when determining the extent of substantive testing	\$ 11,900 (70%)
Trivial Error Threshold	Matters identified during the audit, which are trivial	\$ 850 (5%)

MISSTATEMENTS

Misstatements are categorized as corrected audit misstatements and uncorrected audit misstatements. These include disclosure deficiencies as well.

Significant Misstatements

We have not found any material misstatements or unadjusted items that exceed materiality.



INDEPENDENCE

Canadian auditing standards require us to confirm our independence with the entity and those responsible with governance.

To our knowledge, Baker Tilly SNT has no independence issues in the following areas:

- Holding a financial interest, either directly or indirectly, in the entity;
- Holding a position, either directly or indirectly, that gives the right of responsibility to exert significant influence over the financial or account policies of the entity;
- Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with the entity;
- Economic dependence on the entity; and
- Provision of services in addition to the audit engagement.



OTHER MATTERS

Related Party Transactions

All related party transactions are disclosed in the notes to the financial statements.

Significant Unusual Transactions

No significant transactions were entered into by the entity that you should be aware of.

Significant Matters Discussed with Management

There were no significant matters arising from the audit discussed with management and no disagreements.

Written Representations Requested from Management

We request that management prepare a letter to us reaffirming various representations that were provided to us and we have relied upon.

Internal Control Recommendations and Management Letter

We will not be issuing a management letter, as we did not identify deficiencies in internal controls.

Other

No instances of illegal acts, fraud, intentional misstatements or errors were noted during the audit.

No instances of non-compliance of laws and regulation were identified during our audit.

CONCLUSION

We are ready to release the financial statements subject to completion of the following:

- Receipt of signed management representation letter
- Completing our discussion with the entity
- Receipt of evidence of the entity's approval of the financial statements

KEY DELIVERABLES

KEY DELIVERABLES

EXPECTED DATE

Present draft financial statements to the entity

September 10, 2025

Issue audited financial statements

September 12, 2025

We would like to take this opportunity to note our appreciation to management and administrative personnel for their cooperation and assistance.

We welcome any feedback on our performance as we strive to continually improve our service.



Tax

Our Tax Services are designed to meet your business tax compliance and consulting needs.

- Tax
- Advisory
- Indirect Tax
- Transfer Pricing
- Cross Border & International
- SR&ED
- Personal and Corporate Tax Compliance
- Tax Minimizing Strategies
- Corporate Reorganizations
- Tax Dispute Resolution

Transaction

Whether you are a buyer or a seller, knowledge is power and decisive action begins with clarity.

- Mergers and Acquisitions
- Capital Raising
- Transaction Support
- Valuations
- Corporate
- Finance
- Restructuring and Recovery

IT

Navigating through the maze of information technology needs and business optimization planning is a challenge to most businesses in today's evolving world.

- Security and Data Protection
- Network Assessment
- Infrastructure
- Recommendations and Implementation
- Backup Solutions

Assurance

When you're facing a changing global economy, it's important to have someone next to you who will help navigate through the evolving accounting standards and changing regulatory environment.

- Entrepreneurial
- Audit and Accounting
- Private Enterprise
- Public Markets

Data Analytics

At Baker Tilly, we strive to be up-to-date on the latest data analytic trends and software.

Techniques commonly performed include:

- Predictive modelling
- Key Performance Indicator (KPI) analysis
- Historical operational analysis
- Tax recovery
- Improved production line efficiency
- Reduction of unnecessary costs
- Analyze complex forex
- Data visualization
- Risk analysis
- Benchmarking
- System implementation

Advisory

Across our advisory service lines, we get to the essence of value drivers, so clients can realize optimal value and achieve their business objectives.

- Organizational Effectiveness & Productivity
- Operational Performance Reviews
- Business Development
- Social Enterprise Development
- Project Management
- Corporate and Organizational Governance
- Human Resources
- Financial and Risk Management
- Government
- Funding Applications
- Succession Planning
- Marketing and Client Strategy

BT Advantage

As a business owner, you need information that's timely and relevant to drive daily decisions. Baker Tilly Advantage addresses that need by leveraging best-in-class technologies to deliver customized accounting, finance and operational assistance. Traditional accounting solutions focus on where you have been. Baker Tilly Advantage transforms this approach into proactive solutions that focus on where you are going. The difference is a powerful combination of innovative cloud technology, financial expertise and industry insight delivered by experienced advisors, who are committed to helping you gain a competitive advantage.

3 offices | 18 partners | 100 professionals

THANK YOU

Now, for tomorrow

 **bakertilly**