

**Wingham and District
Hospital Foundation
Financial Statements**
For the year ended March 31, 2020

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Independent Auditor's Report

To the Members of Wingham and District Hospital Foundation

We have audited the accompanying financial statements of Wingham and District Hospital Foundation ("the Foundation"), which comprise the statement of financial position as at March 31, 2020, the statements 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.

Opinion

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2020 and its results of operations and 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 cash donations and fundraising, 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 revenues, excess of revenue over (under) expenses, and cash flows from operations for the years ended March 31, 2020 and March 31, 2019, current assets as at March 31, 2020 and March 31, 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this 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 Organization 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 audit opinion.

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 the financial reporting provisions prescribed by the Canadian accounting standards for not-for-profit organizations. They are also responsible 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting processes.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Organization'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 Organization'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 Organization 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.

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
June 16, 2020

Wingham and District Hospital Foundation Statement of Financial Position

March 31	2020	2019
Assets		
Current		
Cash and bank - general (Note 2)	\$ 274,481	\$ 297,683
Cash and bank - health professionals recruitment	32,154	20,173
Accrued interest receivable	5,775	7,351
Accounts receivable	2,640	2,504
Prepaid expenses	-	5,141
Current portion of mortgage receivable (Note 5)	-	5,361
	315,050	338,213
Investments (Note 3)	3,304,218	1,775,316
Mortgage receivable (Note 5)	-	245,691
	\$ 3,619,268	\$ 2,359,220

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities - general	\$ 18,960	\$ 7,000
Accounts payable and accrued liabilities - health professionals recruitment	10,258	19,676
	29,218	26,676
Deferred revenue - health professionals recruitment (Note 7)	21,896	497
	51,114	27,173
Net assets		
Unrestricted	3,568,154	2,332,047
	\$ 3,619,268	\$ 2,359,220

On behalf of the Board:

_____ Director

_____ Director

Wingham and District Hospital Foundation Statement of Operations and Changes in Net Assets

For the year ended March 31	2020	2019
Revenue		
Donations - general	\$ 358,729	\$ 364,235
Donations - capital campaign	502,550	587,441
Bequests	1,115,408	8,373
Health professionals recruitment revenue recognized	70,512	175,987
Investment income (Note 4)	69,104	61,203
Unrealized gain (loss) on investments	(84,425)	-
	<u>2,031,878</u>	<u>1,197,239</u>
Expenses		
Bank charges and management fees	10,598	2,373
Capital campaign	-	1,316
Database software	8,969	5,574
Donor wall update	4,421	2,615
Fundraising	10,127	8,758
Health professionals recruitment expenses (Note 7)	70,512	175,987
Miscellaneous	3,249	2,388
Office and postage	3,650	4,410
Professional fees	6,736	6,216
Salaries, benefits and administrative costs	47,810	44,340
Training	623	-
Travel and conventions	140	20
	<u>166,835</u>	<u>253,997</u>
Excess of revenues over expenses before donations	<u>1,865,043</u>	<u>943,242</u>
Donations paid		
Donation to Wingham and District Hospital	618,936	1,906,120
Donation to Health Professionals Recruitment	10,000	-
	<u>628,936</u>	<u>1,906,120</u>
Excess of revenue over (under) expenses for the year	1,236,107	(962,878)
Net assets, beginning of year	<u>2,332,047</u>	<u>3,294,925</u>
Net assets, end of year	<u>\$ 3,568,154</u>	<u>\$ 2,332,047</u>

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

Wingham and District Hospital Foundation Statement of Cash Flows

For the year ended March 31	2020	2019
Cash provided by (used in)		
Operating activities		
Excess of revenue over (under) expenses for the year	\$ 1,236,107	\$ (962,878)
Items not involving cash		
Donated investments	(41,610)	(44,045)
Unrealized loss (gain) on investments	84,425	-
Changes in non-cash working capital balances		
Accrued interest receivable	1,576	5,994
Accounts receivable	(136)	542
Prepaid expenses	5,141	-
Accounts payable and accrued liabilities	2,542	(9,347)
Deferred revenue	21,399	(104,183)
	<u>1,309,444</u>	<u>(1,113,917)</u>
Investing activities		
Advances of mortgages	-	(255,000)
Purchase of investments	(3,216,909)	(1,189,888)
Proceeds from investments	1,645,192	2,200,307
Proceeds from mortgage receivable	251,052	3,948
	<u>(1,320,665)</u>	<u>759,367</u>
Decrease in cash during the year	(11,221)	(354,550)
Cash, beginning of year	317,856	672,406
Cash, end of year	\$ 306,635	\$ 317,856
Represented by		
Cash and bank - general	\$ 274,481	\$ 297,683
Cash and bank - health professionals recruitment	32,154	20,173
	<u>\$ 306,635</u>	<u>\$ 317,856</u>

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

Wingham and District Hospital Foundation Notes to Financial Statements

March 31, 2020

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization	The Wingham and District Hospital Foundation is a non-profit organization incorporated without share capital under the Canada Corporations Act as a registered public foundation. The Foundation was established to raise funds for the use of the Wingham and District Hospital. The Foundation is a registered charity and is exempt from income tax under the Income Tax Act and may issue income tax receipts to donors.
Basis of Accounting	These financial statements were prepared using Canadian accounting standards for not-for-profit organizations.
Fund Accounting	The Foundation follows the deferral method of accounting for contributions. Revenues and expenses related to program delivery and administrative activities are reported in the General Fund. Revenues and expenses related to Health Professionals Recruitment activities are reported in the Health Professionals Recruitment Fund.
Revenue Recognition	<p>Restricted contributions are recognized as revenue in the year which the related expenses 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.</p> <p>Restricted net investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted net investment income is recognized as revenue when earned.</p>
Contributed Services	Volunteers contribute their time to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Wingham and District Hospital Foundation Notes to Financial Statements

March 31, 2020

Financial Instruments

Financial instruments are recorded at fair value at initial recognition. In subsequent periods, securities traded in an active market are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Foreign Currency Translation

Foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the date of the transaction. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period.

Wingham and District Hospital Foundation Notes to Financial Statements

March 31, 2020

2. Cash

Cash consists of bank deposits that are held at one chartered bank. The account earns interest at a variable rate based on bank prime, payable monthly.

3. Investments

	2020	2019
Cash and savings accounts	\$ 602,688	\$ 382,755
Guaranteed investment certificates, at cost	634,000	1,389,238
Bonds, at cost	1,038,923	-
Equities, at cost	3,881	3,323
Mutual funds, at fair market value	1,024,726	-
	\$ 3,304,218	\$ 1,775,316

The guaranteed investment certificates mature between April 2020 and November 2022 and bear interest at rates from 1.9% to 2.77% (2019 - 1.0% to 2.77%).

Equities at cost consist of shares that do not have quoted market values.

Mutual funds carried at fair market value have a cost of \$1,109,151.

Investments include \$307,757 denominated in U.S. currency.

4. Investment Income

	2020	2019
Interest	\$ 48,978	\$ 61,203
Dividends	42	-
Mutual fund distributions	20,084	-
	\$ 69,104	\$ 61,203

5. Mortgage Receivable

	2020	2019
Mortgage, 5%, receivable in monthly installments of \$1,483 principal and interest, paid during the year	\$ -	\$ 251,052
Current portion	-	(5,361)
	\$ -	\$ 245,691

Wingham and District Hospital Foundation Notes to Financial Statements

March 31, 2020

6. Related Party Transactions

The Foundation raises funds for the use of Wingham and District Hospital and donates funds to the Hospital as needs arise. The total donation made to the hospital in the year was \$618,936 (2019 - \$1,906,120). These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

7. Deferred Revenue - Health Professionals Recruitment

The Foundation administers the Health Professionals Recruitment program that is primarily funded by local municipalities to recruit health professionals to North Huron and surrounding area. The deferred revenue represents unspent amounts received specifically for this program.

	2020	2019
Revenues		
Municipalities	\$ 70,031	\$ 62,633
Fundraising	1,536	7,136
Donations	20,000	700
Interest earned	345	1,335
	91,912	71,804
Expenses		
Coordinator	57,368	64,139
Locum/resident housing	-	7,500
Travel and recruitment tours	3,109	9,797
Office, telephone and advertising	856	2,768
Recruitment relocation and incentives	9,179	91,783
	70,512	175,987
Excess (deficiency) of revenue over expenses	21,400	(104,183)
Deferred revenue balance, beginning of year	496	104,679
	21,896	496
Deferred revenue balance, end of year	21,896	496
Accounts payable	10,258	19,676
	32,154	20,172
Cash balance, end of year	\$ 32,154	\$ 20,172

8. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the organization, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, and industry. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

Wingham and District Hospital Foundation

Notes to Financial Statements

March 31, 2020

9. Financial Instrument Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to this credit risk arising from its cash, accounts receivable and investments. The Foundation holds the majority of its cash and investment accounts either with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation or with investment firms that are members of the Investment Industry Regulatory Organization of Canada and insured by the Canadian Investor Protection Fund.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable. The Foundation manages liquidity risk by maintaining a portion of its invested assets in liquid securities.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization is exposed to currency risk arising from its foreign currency investments.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency 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 organization is exposed to other price risk arising from its investments in quoted markets.

There have been changes from the previous year in the exposure to types of risks with the type of investments held. The organization manages these risks through asset allocation and maintaining a diversified portfolio of investments.