

Wingham and District
Hospital Foundation
Financial Statements
For the year ended March 31, 2021

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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, 2021, 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, 2021 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 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 revenues, excess of revenue over (under) expenses, and cash flows from operations for the years ended March 31, 2021 and March 31, 2020, current assets as at March 31, 2021 and March 31, 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 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 28, 2021

Wingham and District Hospital Foundation
Statement of Financial Position

March 31	2021	2020
Assets		
Current		
Cash and bank - general (Note 2)	\$ 192,064	\$ 274,481
Cash and bank - health professionals recruitment	69,057	32,154
Accrued interest receivable	3,763	5,775
Accounts receivable	2,151	2,640
	267,035	315,050
Investments (Note 3)	4,449,698	3,304,218
	\$ 4,716,733	\$ 3,619,268

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities - general	\$ 18,725	\$ 18,960
Accounts payable and accrued liabilities - health professionals recruitment	51,583	10,258
	70,308	29,218
Deferred revenue - health professionals recruitment (Note 6)	17,474	21,896
	87,782	51,114
Net assets		
Unrestricted	4,628,951	3,568,154
	\$ 4,716,733	\$ 3,619,268

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	2021	2020
Revenue		
Donations - general	\$ 639,688	\$ 358,729
Donations - capital campaign	227,173	502,550
Bequests	300,645	1,115,408
Health professionals recruitment revenue recognized	38,443	70,512
Investment income (Note 4)	85,625	69,104
Unrealized gain (loss) on investments	214,647	(84,425)
	<u>1,506,221</u>	<u>2,031,878</u>
Expenses		
Bank charges and management fees	19,680	10,598
Database software	6,195	8,969
Donor wall update	1,639	4,421
Fundraising	8,687	10,127
Health professionals recruitment expenses (Note 6)	38,443	70,512
Miscellaneous	1,746	3,249
Office and postage	2,297	3,650
Professional fees	6,725	6,736
Salaries, benefits and administrative costs	46,734	47,810
Training	639	623
Travel and conventions	31	140
	<u>132,816</u>	<u>166,835</u>
Excess of revenues over expenses before donations	<u>1,373,405</u>	<u>1,865,043</u>
Donations paid		
Donation to Wingham and District Hospital	302,608	618,936
Donation to Health Professionals Recruitment	10,000	10,000
	<u>312,608</u>	<u>628,936</u>
Excess of revenue over (under) expenses for the year	1,060,797	1,236,107
Net assets, beginning of year	<u>3,568,154</u>	<u>2,332,047</u>
Net assets, end of year	<u>\$ 4,628,951</u>	<u>\$ 3,568,154</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	2021	2020
Cash provided by (used in)		
Operating activities		
Excess of revenue over (under) expenses for the year	\$ 1,060,797	\$ 1,236,107
Items not involving cash		
Donated investments	(21,792)	(41,610)
Unrealized loss (gain) on investments	(214,647)	84,425
Changes in non-cash working capital balances		
Accrued interest receivable	2,012	1,576
Accounts receivable	489	(136)
Prepaid expenses	-	5,141
Accounts payable and accrued liabilities	41,090	2,542
Deferred revenue	(4,422)	21,399
	<u>863,527</u>	<u>1,309,444</u>
Investing activities		
Purchase of investments	(2,346,524)	(3,216,909)
Proceeds from investments	1,437,483	1,645,192
Proceeds from mortgage receivable	-	251,052
	<u>(909,041)</u>	<u>(1,320,665)</u>
Decrease in cash during the year	(45,514)	(11,221)
Cash, beginning of year	<u>306,635</u>	<u>317,856</u>
Cash, end of year	<u>\$ 261,121</u>	<u>\$ 306,635</u>
Represented by		
Cash and bank - general	\$ 192,064	\$ 274,481
Cash and bank - health professionals recruitment	<u>69,057</u>	<u>32,154</u>
	<u>\$ 261,121</u>	<u>\$ 306,635</u>

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

Wingham and District Hospital Foundation Notes to Financial Statements

March 31, 2021

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, 2021

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, 2021

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

	2021	2020
Cash and savings accounts	\$ 210,102	\$ 602,688
Guaranteed investment certificates, at cost	345,000	634,000
Bonds, at cost	1,698,333	1,038,923
Equities, at cost	3,989	3,881
Mutual funds, at fair market value	2,192,274	1,024,726
	\$ 4,449,698	\$ 3,304,218

The guaranteed investment certificates mature between June 2021 and November 2022 and bear interest at rates from 1.95% to 2.77% (2020 - 1.9% 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 \$2,061,679 (2020 - \$1,109,151).

Investments include \$407,721 (2020 - \$307,757) denominated in U.S. currency.

4. Investment Income

	2021	2020
Interest	\$ 42,517	\$ 48,978
Dividends	5,587	42
Mutual fund distributions	37,521	20,084
	\$ 85,625	\$ 69,104

5. 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 \$302,608 (2020 - \$618,936). 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).

Wingham and District Hospital Foundation Notes to Financial Statements

March 31, 2021

6. 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.

	2021	2020
Revenues		
Municipalities	\$ 62,752	\$ 70,031
Fundraising	-	1,536
Donations	11,038	20,000
Interest earned	173	345
	73,963	91,912
Expenses		
Coordinator	36,955	57,368
Travel and recruitment tours	1,090	3,109
Office, telephone and advertising	1,164	856
Recruitment relocation and incentives (recovery)	(766)	9,179
	38,443	70,512
Excess (deficiency) of revenue over expenses	35,520	21,400
Deferred revenue balance, beginning of year	21,896	496
Surplus reimbursement to Municipalities	(39,942)	-
	17,474	21,896
Deferred revenue balance, end of year	17,474	21,896
Accounts payable	51,583	10,258
	\$ 69,057	\$ 32,154

7. Uncertainty Due to COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus "COVID-19". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. Management is actively monitoring the effect on the financial condition, liquidity, operations, vendors, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation 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, 2021

8. 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.

Market Risk

The Foundation is exposed to fluctuations in equity markets on its investments.

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.

The organization manages these risks through asset allocation and maintaining a diversified portfolio of investments.