

**St. Marys Memorial
Hospital Foundation**

**Financial Statements
For the year ended March 31, 2018**

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For the year ended March 31, 2018

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Independent Auditors' Report

To the Board of Directors of St. Marys Memorial Hospital Foundation

We have audited the accompanying financial statements of St. Marys Memorial Hospital Foundation, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in fund balance and cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives cash revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Foundation, and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets, or fund balances.

Opinion

In our opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of St. Marys Memorial Hospital Foundation as at March 31, 2018 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.

Chartered Professional Accountants, Licensed Public Accountants

Stratford, Ontario
May 17, 2018

St. Marys Memorial Hospital Foundation Statement of Financial Position

March 31	2018	2017
Assets		
Current		
Cash	\$ 256,781	\$ 443,714
Short-term investments (Note 2)	1,262,440	1,013,907
Prepaid expenses	10,068	29,268
HST recoverable	22,860	6,021
Interest receivable	1,215	5,757
	1,553,364	1,498,667
Long-term investments (Note 3)	4,162,625	3,842,973
Capital assets (Note 4)	218	1,156
	\$ 5,716,207	\$ 5,342,796

Liabilities and Fund Balance

Current		
Accounts payable and accruals	\$ 10,315	\$ 60,150
Fund Balance	5,705,892	5,282,646
	\$ 5,716,207	\$ 5,342,796

On behalf of the Board:

_____ Director

_____ Director

**St. Marys Memorial Hospital Foundation
Statement of Changes in Fund Balance**

For the year ended March 31	2018	2017
Fund balance , beginning of year	\$ 5,282,646	\$ 4,696,463
Excess of revenue over expenditures and transfers for the year	<u>423,246</u>	<u>586,183</u>
Fund balance , end of year	<u>\$ 5,705,892</u>	<u>\$ 5,282,646</u>

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

St. Marys Memorial Hospital Foundation Statement of Operations

For the year ended March 31	2018	2017
Revenue		
Investment income	\$ 41,131	\$ 298,402
Change in unrealized gains on investments	167,642	149,860
Capital campaign (page 11)	501,035	945,885
General donations and bequests	242,168	44,117
Contributions - Town of St. Marys	-	50,000
	951,976	1,488,264
Expenditures		
Amortization	938	7,427
Capital campaign (page 11)	71,040	64,335
Fundraising expense	36,955	29,218
Investment management fees	25,917	28,446
Office and administration expenses	13,324	11,017
Professional fees	54,385	64,664
Salary and benefits	57,006	46,563
Training and seminars	2,296	6,571
	261,861	258,241
Excess of revenues over expenditures for the year	690,115	1,230,023
Transfers (page 12)		
Tradition Mutual Centre for Wellness	74,336	384,723
St. Marys Memorial Hospital	146,106	211,222
Other	46,427	47,895
	266,869	643,840
Total transfers for the year	266,869	643,840
Excess of revenue over expenditures and transfers for the year	\$ 423,246	\$ 586,183

St. Marys Memorial Hospital Foundation Statement of Cash Flows

For the year ended March 31	2018	2017
Cash flows from operating activities		
Excess of revenue over expenditures and transfers for the year	\$ 423,246	\$ 586,183
Adjustments for:		
Amortization of capital assets	938	7,427
Donations of shares	-	(18,865)
Change in unrealized gains on investments	(167,642)	(149,860)
Changes in non-cash working capital balances		
Prepaid expenses	19,200	(23,618)
HST recoverable	(16,839)	8,317
Interest receivable	4,542	(932)
Accounts payable and accruals	(49,835)	49,611
	<u>213,610</u>	<u>458,263</u>
Cash flows from investing activities		
Purchase of capital assets	-	(364)
Net purchase of long-term investments	(152,010)	(126,540)
	<u>(152,010)</u>	<u>(126,904)</u>
Increase in cash and cash equivalents during the year	61,600	331,359
Cash and cash equivalents, beginning of year	<u>1,457,621</u>	<u>1,126,262</u>
Cash and cash equivalents, end of year	\$ 1,519,221	\$ 1,457,621
Represented by		
Cash	\$ 256,781	\$ 443,714
Short-term Investments	<u>1,262,440</u>	<u>1,013,907</u>
	\$ 1,519,221	\$ 1,457,621

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

St. Marys Memorial Hospital Foundation

Notes to Financial Statements

March 31, 2018

1. Significant Accounting Policies

Nature of Organization	The Foundation was incorporated without share capital under the Canada Corporations Act, on February 27, 1992, with the purpose of maintaining a fund primarily for the benefit of or to enhance or improve the services or patient care or facilities of St. Marys Memorial Hospital. The Foundation is a charitable organization under the Income Tax Act.						
Basis of Accounting	The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.						
Financial Instruments	The Foundation recognizes and measures financial assets and financial liabilities on the balance sheet when it becomes a party to the contractual provisions of a financial instrument. All financial instruments are measured at fair value on initial recognition. In subsequent periods, investments in equities actively traded on an open market are reported at fair market value with any unrealized gains or losses recognized as income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.						
Capital Assets	Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows: <table><tr><td>Computer equipment</td><td>3 year straight-line basis</td></tr><tr><td>Office equipment</td><td>5 year straight-line basis</td></tr><tr><td>Leasehold improvements</td><td>2 year straight-line basis</td></tr></table>	Computer equipment	3 year straight-line basis	Office equipment	5 year straight-line basis	Leasehold improvements	2 year straight-line basis
Computer equipment	3 year straight-line basis						
Office equipment	5 year straight-line basis						
Leasehold improvements	2 year straight-line basis						
Foreign Currency Translation	Foreign currency accounts are translated into Canadian dollars as follows: At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. 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 except for the foreign currency gains and losses on long-term monetary items which are deferred and amortized over the remaining terms of the related items.						

St. Marys Memorial Hospital Foundation Notes to Financial Statements

March 31, 2018

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 expenses are incurred. Unrestricted contributions, donations and fundraising revenues are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The value of donated services is not recognized in the financial statements due to the inherent difficulty of valuing these contributions.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include short-term investments which have a maturity of one year or less and cashable guaranteed investment certificates.

2. Short-term Investments

	2018	2017
Guaranteed investment certificates (cost)	\$ 1,211,962	\$ 901,324
Investments in debt securities (cost)	50,478	-
Money market funds (cost)	-	112,583
	\$ 1,262,440	\$ 1,013,907

3. Long-term Investments

	2018	2017
Investments in debt securities (cost)	\$ 90,223	\$ 173,349
Investments in equities (FMV)	4,072,402	3,669,624
	\$ 4,162,625	\$ 3,842,973

Long-term investments include marketable debt securities with stated rates from 3% to 7%, maturing July 2019 to June 2020. Long-term investments include \$245,878 denominated in U.S. dollars (2017 - \$236,858).

St. Marys Memorial Hospital Foundation Notes to Financial Statements

March 31, 2018

4. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 2,597	\$ 2,597	\$ 2,597	\$ 1,805
Office equipment	364	146	364	-
Leasehold improvements	12,976	12,976	12,976	12,976
	\$ 15,937	\$ 15,719	\$ 15,937	\$ 14,781
Net book value		\$ 218		\$ 1,156

5. Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

St. Marys Memorial Hospital Foundation Notes to Financial Statements

March 31, 2018

6. Future Commitments

The Foundation has pledged \$250,000 over a period of 10 years to the Stratford General Hospital Foundation Redevelopment Project, beginning in the 2011 fiscal year. As of March 31, 2018, the amount remaining on the pledge was \$75,000.

The Foundation has pledged \$157,120 over a period of 5 years to the Huron Perth Healthcare Alliance for the purchase of portable radiography equipment, beginning in 2016 fiscal year. As of March 31, 2018, the amount remaining on the pledge was \$62,515.

The Foundation has pledged to contribute funds for the expansion of the Tradition Mutual Centre for Wellness. While the final costs are not known at this point they are estimated to be \$2,997,406 which will be incurred over the next 2 years. As of March 31, 2018, funds totalling \$139,155 have been disbursed. The fiscal 2018 disbursement was \$23,463.

The Foundation has obligations to certain physicians relating to contractual compensation agreements. As of March 31, 2018 the amounts remaining to be disbursed were \$22,500 and are expected to be paid in August 2018.

The Foundation has pledged to contribute \$5,000 over a period of 5 years to St. Marys and Area Mobility Service, beginning in fiscal 2018. As of March 31, 2018, the amount remaining on the pledge was \$4,000.

7. Financial Instruments

It is management's opinion that the Foundation is not exposed to significant interest rate, currency, credit, other price, or liquidity risks arising from its financial instruments.

8. Pledges Receivable

Pledges outstanding, but not recognized in these financial statements, amounted to \$967,677 (2017 - \$1,062,860).

9. Foreign Exchange

Investment income on the statement of operations includes a foreign exchange gain of \$270 (2017 - \$3,270).

St. Marys Memorial Hospital Foundation Schedule of Capital Campaign Performance

For the year ended March 31	2018	2017
Capital campaign - donations, bequests, and fundraising	\$ 501,035	\$ 945,885
Administration	-	11,367
Advertising	7,569	6,968
Donor recognition	49,219	2,378
Printing, stationery and office supplies	-	6,708
Salary and benefits	14,252	43,622
	71,040	64,335
Excess of revenues over expenditures for the year	\$ 429,995	881,550

St. Marys Memorial Hospital Foundation Schedule of Transfers

For the year ended March 31	2018	2017
Tradition Mutual Centre for Wellness		
Property taxes	\$ 50,000	\$ 35,000
Renovations	23,463	322,057
General operations	873	12,526
Equipment updates	-	15,140
	74,336	384,723
St. Marys Memorial Hospital		
Digital X-ray equipment	70,000	70,000
Portable radiography equipment	31,424	31,757
Ultrasound sterilizer	19,257	-
Other equipment	16,511	15,014
Warming cupboard	8,914	-
Renovations	-	73,469
X-ray Room renovations and communications station	-	20,982
	146,106	211,222
Other		
Stratford Hospital Foundation - Redevelopment project	25,000	-
Physician recruitment	11,250	33,750
Physician education	8,177	13,645
St. Marys mobility bus	2,000	500
	46,427	47,895
Total transfers for the year	\$ 266,869	\$ 643,840