

**St. Marys Healthcare
Foundation**

**Financial Statements
For the year ended March 31, 2021**

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Independent Auditors' Report

To the Board of Directors of St. Marys Healthcare Foundation

Qualified Opinion

We have audited the accompanying financial statements of St. Marys Healthcare Foundation ("the Foundation"), which comprise the statement of financial position as at March 31, 2021, the statements of operations, changes in fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the balance sheet of the Foundation as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of these revenues was limited to amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, fundraising revenue, net revenue, and cash flow from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets and fund balances 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 Foundation 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 Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Stratford, Ontario
June 23, 2021

St. Marys Healthcare Foundation Statement of Financial Position

March 31 **2021** **2020**

Assets

Current

Cash	\$ 642,739	\$ 436,451
Short-term investments (Note 2)	50,648	100,733
Prepaid expenses	10,068	10,068
HST recoverable	6,863	7,313
Interest receivable	4,288	4,288
Grant receivable	-	2,538
	714,606	561,391

Long-term investments (Note 3) **2,732,774** 2,471,910

Capital assets (Note 4) **-** 720

\$ 3,447,380 **\$ 3,034,021**

Liabilities and Fund Balance

Accounts payable and accruals **\$ 35,072** **\$ 14,267**

Fund Balance **3,412,308** 3,019,754

\$ 3,447,380 **\$ 3,034,021**

On behalf of the Board:

_____ Director

_____ Director

**St. Marys Healthcare Foundation
Statement of Changes in Fund Balance**

For the year ended March 31	2021	2020
Fund balance , beginning of year	\$ 3,019,754	\$ 3,695,378
Excess of revenue over expenditures and disbursements for the year	392,554	(675,624)
Fund balance , end of year	\$ 3,412,308	\$ 3,019,754

St. Marys Healthcare Foundation Statement of Operations

For the year ended March 31	2021	2020
Revenue		
General donations and bequests	\$ 474,206	\$ 396,104
Capital campaign (page 12)	-	183,915
Investment income (Note 5)	95,249	126,472
Realized gains (losses) on investments	(13,482)	94,966
Lottery revenue	41,806	-
Employment subsidies	28,057	6,538
Change in unrealized gains on investments	140,517	(209,680)
	766,353	598,315
Expenditures		
Salary and benefits	66,384	96,271
Fundraising expense	29,553	59,509
Professional fees	73,087	46,228
Office and administration expenses	20,756	19,660
Investment management fees	17,597	18,335
Advertising	6,334	7,075
Capital campaign (page 12)	1,545	4,126
Training and seminars	202	3,796
Amortization	720	1,696
	216,178	256,696
Excess of revenues over expenditures for the year	550,175	341,619
Disbursements (page 13)		
Tradition Mutual Centre for Wellness	50,000	888,541
St. Marys Memorial Hospital	64,744	87,887
Other	42,877	40,815
	157,621	1,017,243
Total disbursements for the year	157,621	1,017,243
Excess of revenue over expenditures and disbursements for the year	\$ 392,554	\$ (675,624)

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

St. Marys Healthcare Foundation Statement of Cash Flows

For the year ended March 31	2021	2020
Cash flows from operating activities		
Excess of revenue over expenditures and disbursements for the year	\$ 392,554	\$ (675,624)
Adjustments for:		
Amortization of capital assets	720	1,696
Realized capital gains	13,482	(94,966)
Change in unrealized gains on investments	(140,517)	209,680
	266,239	(559,214)
Changes in non-cash working capital balances		
HST recoverable	450	(864)
Interest receivable	-	(910)
Grant receivable	2,538	(2,538)
Accounts payable and accruals	20,805	(218,603)
	290,032	(782,129)
Cash flows from investing activities		
Purchase of capital assets	-	(2,271)
Net proceeds (purchases) of long-term investments	(133,829)	(199,397)
	(133,829)	(201,668)
Increase (decrease) in cash and cash equivalents during the year	156,203	(983,797)
Cash and cash equivalents, beginning of year	537,184	1,520,981
Cash and cash equivalents, end of year	\$ 693,387	\$ 537,184
Represented by		
Cash	\$ 642,739	\$ 436,451
Short-term Investments	50,648	100,733
	\$ 693,387	\$ 537,184

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

St. Marys Healthcare Foundation

Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies

Nature of Organization

The Foundation was incorporated without share capital under the Canada Corporations Act, on February 27, 1992 and continued under the Canada Not-for-profit Corporations Act in 2014. Its purpose is that 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:

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 Healthcare Foundation Notes to Financial Statements

March 31, 2021

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

	2021	2020
Investments in debt securities (cost)	\$ 50,648	\$ 100,733
Money market funds (cost)	-	-
	\$ 50,648	\$ 100,733

3. Long-term Investments

	2021	2020
Investments in debt securities (cost)	\$ 2,550,990	\$ 1,625,197
Investments in equities (FMV)	181,784	846,713
	\$ 2,732,774	\$ 2,471,910

Long-term investments include marketable debt securities with stated rates from 3.0% to 4.2%, maturing April 2021 to March 2029. Long-term investments include \$333,287 denominated in U.S. dollars (2020 - \$241,137).

St. Marys Healthcare Foundation Notes to Financial Statements

March 31, 2021

4. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 4,868	\$ 4,868	\$ 4,868	\$ 4,220
Office equipment	364	364	364	292
Leasehold improvements	12,976	12,976	12,976	12,976
	\$ 18,208	\$ 18,208	\$ 18,208	\$ 17,488
Net book value		\$ -		\$ 720

5. Foreign Exchange

Investment income on the statement of operations includes a foreign exchange loss of \$25,957 (2020 - gain of \$16,052).

6. 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.

7. Comparative Figures

Certain comparative figures have been reclassified to reflect current year presentation.

St. Marys Healthcare Foundation Notes to Financial Statements

March 31, 2021

8. Future Commitments

The Foundation had 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, 2021, the pledge had been paid in full.

The Foundation has pledged to contribute \$5,000 over a period of 5 years to St. Marys and Area Mobility Service beginning in 2018 fiscal year. In the previous year, the Foundation pledged an additional \$2,500 over a 5 year period. As of March 31, 2021, the amount remaining on this combined pledge was \$1,000.

9. Financial Instruments

It is management's opinion that the Foundation is not exposed to significant interest rate, currency, credit, or liquidity risks arising from its financial instruments. The Foundation is exposed to market risk related to its investment portfolio.

10. Pledges Receivable

Pledges outstanding, but not recognized in these financial statements, amounted to \$306,966 (2020 - \$510,583).

11. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. Management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, industry, and workforce. As a result, management anticipates a temporary decline in donation revenue and has postponed a number of its fundraisers. 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.

**St. Marys Healthcare Foundation
Schedule of Capital Campaign Performance**

For the year ended March 31	2021	2020
Capital campaign - donations, bequests, and fundraising	\$ -	\$ 183,915
Donor recognition expenses	<u>1,545</u>	<u>4,126</u>
Excess of revenues over expenditures for the year	\$ (1,545)	\$ 179,789

St. Marys Healthcare Foundation Schedule of Disbursements

For the year ended March 31	2021	2020
Tradition Mutual Centre for Wellness		
Renovations and expansion	\$ -	\$ 863,541
Property taxes	50,000	25,000
	50,000	888,541
St. Marys Memorial Hospital		
Defibrillators	-	38,416
Portable radiography equipment	-	31,424
Other equipment	64,744	18,047
	64,744	87,887
Other		
Stratford Hospital Foundation - Redevelopment project	25,000	25,000
Physician education	15,449	14,815
St. Marys mobility bus	2,000	1,000
Town of St. Marys - hand sanitizer for Salvation Army	428	-
	42,877	40,815
Total disbursements for the year	\$ 157,621	\$ 1,017,243