

ST. MARYS HEALTHCARE FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2022

JEFFREY R. SKUBOWIUS, BA, CPA, CA
FRANKLIN H. FAMME, BBA, CMgr, CPA, CA
BRADLEY J. W. McNEIL, BA, MAcc, CPA, CA
STEPHEN VAN DEN HENGEL, BAcc, CPA, CA
PETER D. BRICKMAN, BA, CPA, CA
STEPHEN J. WARD, BA, MAcc, CPA, CA
LYNN EIDT, BBA, CPA, CA
MICHAEL P. B. JAREMCHENKO, BA, CFP, CPA, CA
PHILLIP W. HART, BMath, MAcc, CPA, CA
JUDD R. ATTRIDGE, BAcc, CPA, CA
STACEY A. CAMPBELL, BBA, CPA, CA
BRADLEY YPMA, BA, CPA, CA

25 WATER STREET NORTH
P.O. BOX 1228
ST. MARYS, ONTARIO N4X 1B8

ST. MARYS 519-284-1030
FAX 519-284-4393
STRATFORD 519-271-7581
FAX 519-271-2737
LONDON 519-432-1663
FAX 519-432-7662

E-MAIL: st.marys@fammeandco.on.ca
WEBSITE: www.fammeandco.on.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
St. Marys Healthcare Foundation
St. Marys, Ontario

Qualified Opinion

We have audited the financial statements of **St. Marys Healthcare Foundation**, which comprise the balance sheet as at **March 31, 2022** and the statements of operations, 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 paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of **St. Marys Healthcare Foundation** as at **March 31, 2022** 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

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives cash revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and fund balance as at April 1 and March 31 for both the 2022 and 2021 year ends. Our audit opinion on the financial statements for the year ended March 31, 2021 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of **St. Marys Healthcare 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The financial statements of **St. Marys Healthcare Foundation** for the year **March 31, 2021** were audited by another auditor who expressed a qualified opinion on those statements on June 23, 2021.

INDEPENDENT AUDITORS' 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 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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

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 auditors' 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:

- (a) 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.
- (b) 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 entity's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of the entity'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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- (e) 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.

INDEPENDENT AUDITORS' REPORT - continued

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.

F. Ametlo

Professional Corporation
Chartered Professional Accountants
*Authorized to practice public accounting by
the Chartered Professional Accountants of Ontario*

St. Marys, Ontario
June 28, 2022

St. Marys Healthcare Foundation

Balance Sheet

As at March 31, 2022

ASSETS

	2022	2021
Current Assets		
Cash	\$ 605,149	\$ 596,277
Cash - lottery	122,976	46,462
Short-term investments (Note 8)	252,397	50,648
Prepaid expenses	-	10,068
HST recoverable	8,075	6,863
Interest receivable	<u>4,018</u>	<u>4,288</u>
	\$ 992,615	<u>714,606</u>
Investments		
Long-term investments (Note 9)	4,529,465	<u>2,732,774</u>
Property, Plant and Equipment - at cost		
Computer equipment	4,868	4,868
Office equipment	364	364
Leasehold improvements	<u>12,976</u>	<u>12,976</u>
	18,208	18,208
Less: Accumulated amortization	<u>18,208</u>	<u>18,208</u>
	-	-
	<u>\$ 5,522,080</u>	<u>\$ 3,447,380</u>

Approved on Behalf of the Board:

Director

Director

(See Accompanying Notes to the Financial Statements)

St. Marys Healthcare Foundation

Balance Sheet

As at March 31, 2022

LIABILITIES

	2022	2021
Current Liabilities		
Accounts payable and accrued liabilities	\$ 13,503	\$ 35,072
Deferred revenue (Note 11)	<u>1,281,120</u>	<u>-</u>
	\$ 1,294,623	<u>35,072</u>

FUND BALANCE

Fund balance	<u>4,227,457</u>	<u>3,412,308</u>
	<u>\$ 5,522,080</u>	<u>\$ 3,447,380</u>

(See Accompanying Notes to the Financial Statements)

St. Marys Healthcare Foundation
Statement of Fund Balance
For the year ended March 31, 2022

	2022	2021
Fund balance - beginning of year	\$ 3,412,308	\$ 3,019,754
Excess of revenue over expenditures and disbursements for the year	<u>815,149</u>	<u>392,554</u>
Fund Balance - end of year	<u>\$ 4,227,457</u>	<u>\$ 3,412,308</u>

(See Accompanying Notes to the Financial Statements)

St. Marys Healthcare Foundation
Statement of Operations
For the year ended March 31, 2022

	2022	2021
Revenue		
General donation and bequests	\$ 466,918	\$ 474,206
Investment income	87,887	95,249
Realized gains (losses) on investments	79,980	(13,482)
Lottery revenue	150,764	41,806
Employment subsidies	3,423	28,057
Change in unrealized gains on investments	<u>264,466</u>	<u>140,517</u>
	\$ 1,053,438	<u>766,353</u>
Expenditures		
Salaries and benefits	47,809	66,384
Fundraising expense	59,919	29,553
Advertising	10,670	6,334
Professional fees	31,867	73,087
Office	23,300	20,756
Investment management fees	35,026	17,597
Donor recognition expenses	8,557	1,545
Training and seminars	-	202
Amortization	<u>-</u>	<u>720</u>
	<u>217,148</u>	<u>216,178</u>
Excess of revenues over expenditures for the year	836,290	<u>550,175</u>
Disbursements (Note 10)		
Tradition Mutual Centre for Wellness	-	50,000
St. Marys Memorial Hospital	5,241	64,744
Other	<u>15,900</u>	<u>42,877</u>
Total disbursements for the year	<u>21,141</u>	<u>157,621</u>
Excess of revenue over expenditures and disbursements for the year	<u>\$ 815,149</u>	<u>\$ 392,554</u>

(See Accompanying Notes to the Financial Statements)

St. Marys Healthcare Foundation
Statement of Cash Flows
For the year ended March 31, 2022

	2022	2021
Cash Provided By (Used In):		
Operating Activities		
Net revenue over expenditures and disbursements for the year	\$ 815,149	\$ 392,554
Adjustments for:		
Amortization of property, plant and equipment	-	720
Realized capital (gains) losses	(79,980)	13,482
Gains on investments - unrealized	(264,466)	(140,517)
Net changes in non-cash current operating accounts		
Decrease (increase) in HST recoverable	(1,212)	450
Decrease (increase) in interest receivable	270	-
Decrease (increase) in grant receivable	-	2,538
Decrease (increase) in prepaid expenses	10,068	-
Increase (decrease) in accounts payable and accrued liabilities	(21,569)	20,805
Increase (decrease) in deferred revenue	<u>1,281,120</u>	<u>-</u>
	\$ 1,739,380	<u>290,032</u>
Investing Activities		
Net purchases of long-term investments	<u>(1,452,245)</u>	<u>(133,829)</u>
Increase in cash and cash equivalents	287,135	156,203
Cash and cash equivalents - beginning of year	<u>693,387</u>	<u>537,184</u>
Cash and cash equivalents - end of year	<u>\$ 980,522</u>	<u>\$ 693,387</u>
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents comprise the following balance sheet amounts:		
Cash	728,125	642,739
Short-term investments	<u>252,397</u>	<u>50,648</u>
	<u>\$ 980,522</u>	<u>\$ 693,387</u>

(See Accompanying Notes to the Financial Statements)

St. Marys Healthcare Foundation
Notes to the Financial Statements
For the year ended March 31, 2022

1. Purpose of the Organization

The St. Marys Healthcare 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.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations summarized below:

(a) Amortization

Amortization of property, plant and equipment is calculated using the straight-line method. Amortization based on the estimated useful life of the asset is reflected in the accompanying schedule of property, plant and equipment and amortization.

(b) 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.

Investment income is recognized on the accrual basis of accounting and is accrued to year end.

The value of donated services is not recognized in the financial statements due to the inherent difficulty of valuing these contributions.

(c) Use of Estimates

Preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that could affect amounts reported as assets, liabilities, revenues and expenses. Due to measurement uncertainty, results could differ from those estimates.

(d) Financial Instruments

A financial asset is any asset that is cash; a contractual right to receive cash from another party; or an equity instrument of another entity. A financial liability is any liability that is a contractual obligation to deliver cash to another party.

Financial assets and liabilities are initially measured at fair value, except for certain non-arm's length transactions. Subsequently, financial assets and financial liabilities are measured at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

St. Marys Healthcare Foundation
Notes to the Financial Statements
For the year ended March 31, 2022

2. Accounting Policies - continued

(e) Investments

The organization measures mutual funds and equities at fair market value. These investments are initially measured at fair value with subsequent changes in fair value recognized in current period net income. Fair market values are determined based upon stated market values. The organization measures debt securities, money market funds, and guaranteed investment certificates at cost. Investment income is recognized on the accrual basis of accounting and is accrued to year end.

3. Comparative Figures

Certain of the 2021 figures on the balance sheet and the statement of income have been reclassified to conform to the 2022 financial statement presentation.

Comparative figures were reported on by another auditor.

4. Future Commitments

The Foundation has pledged to contribute \$ 5,000 over a period of 5 years to St. Marys and Area Mobility Service beginning in the 2018 fiscal year. In 2020, the Foundation pledged an additional \$ 2,500 over a 5 year period. As of March 31, 2022, there is no amount remaining on this combined pledge.

5. Financial Instrument Risk

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

6. Pledges Receivable

Pledges outstanding, but not recognized in these financial statements, amounted to \$ 339,470 (2021 - \$ 306,966).

7. Impact of COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic which remains in effect as of March 31, 2022. As a result, some government services were temporarily suspended, international travel was limited and health authorities advised individuals to practice "social distancing".

The Provincial government has instituted a COVID response framework utilizing a stepped approach to public health and safety measures, with accompanying restrictions on businesses, organizations and the general public for each step. Restrictions are to be gradually lifted according to Provincial vaccination rates and key public health and health care indicators. As a result, these restrictions are subject to change.

It is uncertain how long these conditions may continue and an estimate of any future financial impact on the organization cannot be made.

St. Marys Healthcare Foundation
Notes to the Financial Statements
For the year ended March 31, 2022

7. Impact of COVID-19 - continued

As at March 31, 2022, the organization has experienced no significant adverse impact on revenue, cash flows, working capital levels or liability balances, which may have a direct impact on the organization's operating results and financial position in the future.

Governments and banks have introduced several monetary and fiscal measures designed to stabilize economic conditions. The success of these measures is not currently determinable.

8. Short-term Investments

	2022	2021
Investments in debt securities (cost)	\$ <u>252,397</u>	\$ <u>50,648</u>

9. Long-term Investments

	2022	2021
Investments in debt securities (cost)	\$ 2,092,897	\$ 2,550,990
Investments in equities (FMV)	<u>2,436,568</u>	<u>181,784</u>
	<u>\$ 4,529,465</u>	<u>\$ 2,732,774</u>

Long-term investments include marketable debt securities with stated rates from 2.2% to 5.2%, maturing April 2022 to March 2029. Long-term investments include \$ 671,025 denominated in U.S. dollars (2021 - \$333,287). Investment income on the statement of operations includes a foreign exchange gain of \$ 32,569 (2021 - loss of \$ 25,957)

10. Schedule of Disbursements

	2022	2021
Tradition Mutual Centre for Wellness		
Property taxes	\$ -	\$ 50,000
St. Marys Memorial Hospital		
Other equipment	<u>5,241</u>	<u>64,744</u>
Other		
Stratford Hospital Foundation - Redevelopment project	-	25,000
Physician recruitment	14,400	-
Physician education	-	15,449
St. Marys mobility bus	1,500	2,000
Town of St. Marys - hand sanitizer for Salvation Army	-	428
	<u>15,900</u>	<u>42,877</u>
Total disbursements for the year	<u>\$ 21,141</u>	<u>\$ 157,621</u>

St. Marys Healthcare Foundation
Notes to the Financial Statements
For the year ended March 31, 2022

11. Schedule of Capital Campaign Performance and Deferred Revenue

Restricted funding for the Building For Tomorrow capital campaign occurred as follows:

	2022	2021
Beginning balance	\$ -	\$ -
Revenue		
Capital campaign - donations, bequests, and fundraising	<u>1,298,499</u>	<u>-</u>
Expenditures		
Administration	13,773	-
Advertising	<u>3,606</u>	<u>-</u>
	<u>17,379</u>	<u>-</u>
Ending balance	<u>\$ 1,281,120</u>	<u>\$ -</u>

St. Marys Healthcare Foundation
Schedule of Property, Plant and Equipment and Amortization
For the year ended March 31, 2022

	<u>As at March 31, 2021</u>						Unamort. Bal.	Rate %	Prov.	<u>As at March 31, 2022</u>		
	Cost	Accum. Amort.	Unamort. Bal.	Add.	Disp.	Gain				Cost	Accum. Amort.	Unamort. Bal.
Computer equipment	4,868	4,868	-	-	-	-	-	1/3 s.l.	-	4,868	4,868	-
Office Equipment	364	364	-	-	-	-	-	1/5 s.l.	-	364	364	-
Leasehold improvements	12,976	12,976	-	-	-	-	-	1/5 s.l.	-	12,976	12,976	-
	18,208	18,208	-	-	-	-	-		-	18,208	18,208	-