

ST. MARYS HEALTHCARE FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2023

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, 2023** 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, 2023** 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, 2023 and 2022, current assets as at March 31, 2023 and 2022, and fund balance as at April 1 and March 31 for both the 2023 and 2022 year ends. Our audit opinion on the financial statements for the year ended March 31, 2022 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.

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.

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

St. Marys, Ontario
June 6, 2023

St. Marys Healthcare Foundation
Balance Sheet
As at March 31, 2023

ASSETS

	2023	2022
Current Assets		
Cash	\$ 696,646	\$ 605,149
Cash - lottery	125,673	122,976
Short-term investments (Note 10)	1,677,530	252,397
HST recoverable	7,364	8,075
Interest and dividends receivable	<u>17,591</u>	<u>4,018</u>
	\$ 2,524,804	<u>992,615</u>
Investments		
Long-term investments (Note 11)	3,099,121	<u>4,108,839</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>-</u>	<u>-</u>
	<u>\$ 5,623,925</u>	<u>\$ 5,101,454</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, 2023

LIABILITIES

	2023	2022
Current Liabilities		
Accounts payable and accrued liabilities	\$ 12,368	\$ <u>13,503</u>

FUND BALANCES

Restricted	\$ 3,856,502	3,329,182	
Unrestricted	<u>1,755,055</u>	<u>1,758,769</u>	
	<u>5,611,557</u>	<u>5,087,951</u>	
	<u>\$ 5,623,925</u>	<u>\$ 5,101,454</u>	

(See Accompanying Notes to the Financial Statements)

St. Marys Healthcare Foundation
Statement of Fund Balances
For the year ended March 31, 2023

	Restricted Funds	Unrestricted Funds	Total 2023	Total 2022
Balance - beginning of year				
As previously reported	\$ 3,329,182	\$ 898,275	\$ 4,227,457	\$ 3,412,308
Prior period adjustment (Note 5)	<u> -</u>	<u> 860,494</u>	<u> 860,494</u>	<u> 133,560</u>
As restated	3,329,182	1,758,769	5,087,951	3,545,868
Excess of revenue over expenditures (expenditures over revenue) for the year	<u> 527,320</u>	<u> (3,714)</u>	<u> 523,606</u>	<u> 1,542,083</u>
Balance - end of year	<u><u>\$ 3,856,502</u></u>	<u><u>\$ 1,755,055</u></u>	<u><u>\$ 5,611,557</u></u>	<u><u>\$ 5,087,951</u></u>

(See Accompanying Notes to the Financial Statements)

St. Marys Healthcare Foundation
Statement of Operations
For the year ended March 31, 2023

	Restricted Funds	Unrestricted Funds	Total 2023	Total 2022
Revenue				
General donation and bequests	\$ 652,145	\$ 180,827	\$ 832,972	\$ 1,460,290
Investment income	1,758	152,678	154,436	79,081
Realized gains on investments	-	14,073	14,073	79,980
Lottery revenue	58,346	-	58,346	150,764
Employment subsidies	-	1,765	1,765	3,423
Change in unrealized gains (losses) on investments	-	(169,009)	(169,009)	(1,600)
	<u>712,249</u>	<u>180,334</u>	<u>892,583</u>	<u>1,771,938</u>
Expenditures				
Salaries and benefits	28,529	26,635	55,164	47,809
Fundraising expense	17,728	55,884	73,612	59,919
Advertising	1,514	8,554	10,068	10,670
Professional fees	-	21,483	21,483	31,867
Office	3,251	23,019	26,270	23,300
Investment management fees	-	29,537	29,537	26,592
Donor recognition expenses	-	182	182	8,557
	<u>51,022</u>	<u>165,294</u>	<u>216,316</u>	<u>208,714</u>
Disbursements				
St. Marys Memorial Hospital	38,839	-	38,839	5,241
Other	45,068	18,754	63,822	15,900
St. Marys Wellness Centre	50,000	-	50,000	-
	<u>133,907</u>	<u>18,754</u>	<u>152,661</u>	<u>21,141</u>
	<u>184,929</u>	<u>184,048</u>	<u>368,977</u>	<u>229,855</u>
Excess of revenue over expenditures (expenditures over revenue) for the year	<u>\$ 527,320</u>	<u>\$ (3,714)</u>	<u>\$ 523,606</u>	<u>\$ 1,542,083</u>

(See Accompanying Notes to the Financial Statements)

St. Marys Healthcare Foundation
Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash Provided By (Used In):		
Operating Activities		
Net revenue over expenditures for the year	\$ 523,606	\$ 1,542,083
Adjustments for:		
Realized capital gains	(14,073)	(79,980)
Losses on investments - unrealized	169,009	1,600
Net changes in non-cash current operating accounts		
Decrease (increase) in HST recoverable	711	(1,212)
Decrease (increase) in interest and dividends receivable	(13,573)	270
Decrease (increase) in prepaid expenses	-	10,068
Increase (decrease) in accounts payable and accrued liabilities	<u>(1,135)</u>	<u>(21,569)</u>
	\$ 664,545	<u>1,451,260</u>
Investing Activities		
Net proceeds (purchases) of long-term investments	<u>854,782</u>	<u>(1,164,125)</u>
Increase in cash and cash equivalents	1,519,327	287,135
Cash and cash equivalents - beginning of year	<u>980,522</u>	<u>693,387</u>
Cash and cash equivalents - end of year	<u>\$ 2,499,849</u>	<u>\$ 980,522</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	696,646	605,149
Cash - lottery	125,673	122,976
Short-term investments	<u>1,677,530</u>	<u>252,397</u>
	<u>\$ 2,499,849</u>	<u>\$ 980,522</u>

(See Accompanying Notes to the Financial Statements)

St. Marys Healthcare Foundation
Notes to the Financial Statements
For the year ended March 31, 2023

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 restricted fund method of accounting for contributions. Restricted and unrestricted contributions are recognized as revenue in the applicable fund when they are received or receivable, provided the amounts are measurable. The Foundation does not recognize pledges or other anticipated donations as revenue until collection is reasonably assured. Estate gifts and bequests are recorded upon receipt of the donated assets.

Interest and other 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.

(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.

St. Marys Healthcare Foundation
Notes to the Financial Statements
For the year ended March 31, 2023

3. Fund Accounting

The Foundation classifies its resources into funds for financial reporting purposes using the restricted fund method. The funds are maintained in accordance with the objectives specified by donors or the directives of the Foundation as established by its Board of Directors. Subject to the requirements of any externally-imposed restrictions, the Board may conduct interfund transfers to ensure the appropriate allocation of net assets for the Foundation's ongoing activities.

The Foundation maintains the following two funds for financial reporting purposes:

- (a) **Unrestricted Fund:** Unrestricted funds may be used for any purpose, including the Foundation's general operating activities. Investment income earned on restricted funds, other than lottery funds, is available to be used for general purposes.
- (b) **Restricted Fund:** Restricted funds are required to be used for a specific purpose or project. Restrictions may be imposed externally (by donors) or internally (by the Board). Investment income earned on lottery funds is restricted.

4. Change in Accounting Policy

Effective April 1, 2022, the organization adopted fund accounting. This change was made to allow reporting of other restricted and unrestricted funds of the organization. This change in accounting policy has been accounted for retrospectively and the corresponding amounts for 2022 have been restated.

5. Prior Period Adjustment

During the year the Foundation discovered that deferred revenue and long-term investments were overstated. Comparative amounts for 2022 have been restated.

Effect on 2022			
Decrease in expenditures	\$	8,434	
Increase in revenue		<u>718,500</u>	
Increase in 2022 excess revenue over expenditures	\$		726,934
Effect on periods prior to 2022			
Increase in revenue			<u>133,560</u>
Net change in fund balances			<u>\$ 860,494</u>
Decrease in investments	\$	(420,626)	
Decrease in deferred revenue		<u>1,281,120</u>	
Net change in assets and liabilities at March 31, 2023	\$		<u>860,494</u>

6. Comparative Figures

Certain of the 2022 figures on the balance sheet and the statement of income have been reclassified to conform to the 2023 financial statement presentation.

7. Pledges Receivable

Pledges outstanding, but not recognized in these financial statements as at March 31, 2023, amounted to \$ 860,217 (2022 - \$ 339,470).

St. Marys Healthcare Foundation
Notes to the Financial Statements
For the year ended March 31, 2023

8. Future Commitments

The Foundation has committed to contribute \$ 650,000 over a period of 2 years to the Huron Perth Healthcare Alliance beginning in the 2023 fiscal year.

9. 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.

10. Short-term Investments

	2023	2022
Investments in debt securities (cost)	\$ <u>1,677,530</u>	\$ <u>252,397</u>

11. Long-term Investments

	2023	2022
Investments in debt securities (cost)	\$ 1,567,907	\$ 1,885,776
Investments in equities (fair market value)	<u>1,531,214</u>	<u>2,223,063</u>
	<u>\$ 3,099,121</u>	<u>\$ 4,108,839</u>

Long-term investments include marketable debt securities with stated rates from 2.2% to 4.8%, maturing April 2024 to March 2029. Long-term investments denominated in U.S. dollars in the current year were \$ nil (2022 - \$ 535,325). Investment income on the statement of operations includes a foreign exchange loss of \$ 42,745 (2022 - \$ 10,960)

12. Schedule of Disbursements

	2023	2022
Tradition Mutual Centre for Wellness		
Property taxes	\$ <u>50,000</u>	\$ <u>-</u>
St. Marys Memorial Hospital		
Other equipment	<u>38,839</u>	<u>5,241</u>
Other		
Physician recruitment	60,824	14,400
St. Marys Mobility Bus	2,500	1,500
Town of St. Marys	<u>498</u>	<u>-</u>
	<u>63,822</u>	<u>15,900</u>
Total disbursements for the year	<u>\$ 152,661</u>	<u>\$ 21,141</u>

St. Marys Healthcare Foundation
Schedule A: Continuity of Fund Balances
For the year ended March 31, 2023

	Balance March 31, 2022	Revenue	Net Interfund Transfers	Total to be Accounted For	Expenditures and Disbursements	Balance March 31, 2023
<u>Unrestricted Funds:</u>						
General	\$ <u>1,758,769</u>	\$ <u>180,334</u>	\$ <u>-</u>	\$ <u>1,939,103</u>	\$ <u>184,048</u>	\$ <u>1,755,055</u>
<u>Restricted Funds:</u>						
General equipment	26,195	20,371	-	46,566	30,117	16,449
Recruitment & retention	168,854	1,058	-	169,912	45,068	124,844
Wellness Centre general	-	-	-	-	50,000	(50,000)
Mental health care	3,121	-	-	3,121	-	3,121
End of life care	17,400	-	-	17,400	-	17,400
COVID-19	10,651	25	-	10,676	10,676	-
Lottery project	120,167	60,104	(28,858)	151,413	20,219	131,194
Patient room renewal project	2,982,644	630,691	28,858	3,642,193	28,849	3,613,344
Staff education and appreciation	<u>150</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>150</u>
	<u>3,329,182</u>	<u>712,249</u>	<u>-</u>	<u>4,041,431</u>	<u>184,929</u>	<u>3,856,502</u>
	<u>\$ 5,087,951</u>	<u>\$ 892,583</u>	<u>\$ -</u>	<u>\$ 5,980,534</u>	<u>\$ 368,977</u>	<u>\$ 5,611,557</u>

St. Marys Healthcare Foundation
Schedule of Property, Plant and Equipment and Amortization
For the year ended March 31, 2023

	<u>As at March 31, 2022</u>						<u>As at March 31, 2023</u>					
	<u>Cost</u>	<u>Accum. Amort.</u>	<u>Unamort. Bal.</u>	<u>Add.</u>	<u>Disp.</u>	<u>Gain</u>	<u>Unamort. Bal.</u>	<u>Rate %</u>	<u>Prov.</u>	<u>Cost</u>	<u>Accum. Amort.</u>	<u>Unamort. Bal.</u>
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	-