

**Wingham and District  
Hospital Foundation  
Financial Statements**  
For the year ended March 31, 2018

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**Contents**

<b>Independent Auditor's Report</b>	<b>2 - 3</b>
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Operations and Change in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10

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Tel: 519-357-3231  
Fax: 519-357-3230  
www.bdo.ca

BDO Canada LLP  
47 Alfred Street W  
PO Box 1420  
Wingham ON N0G 2W0 Canada

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## Independent Auditor's Report

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### To the Members of Wingham and District Hospital Foundation

We have audited the accompanying financial statements of Wingham and District Hospital Foundation, which comprise the statement of financial position as at March 31, 2018 and the statements of operations and change in net assets, and cash flows for the year then ended, and 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.

### Auditor's 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 is sufficient and appropriate to provide a basis for our audit opinion.



#### Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations and cash receipts, 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, deficiency of revenue over expenses, and cash flows from operations for the years ended March 31, 2018 and March 31, 2017, current assets as at March 31, 2018 and March 31, 2017, and net assets as at April 1 and March 31 for both March 31, 2018 and March 31, 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

#### Qualified Opinion

In our opinion, except for the 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 Wingham and District 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Wingham, Ontario  
June 12, 2018

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## Wingham and District Hospital Foundation Statement of Financial Position

March 31	2018	2017
<b>Assets</b>		
<b>Current</b>		
Cash and bank - general (Note 2)	\$ 864,114	\$ 938,731
Cash and bank - health professionals recruitment	123,031	133,699
Bequest receivable	-	76,000
Accrued interest receivable - short term	13,345	12,326
Accounts receivable	3,046	937
Prepaid expenses	5,141	4,275
Current portion of investments (Note 3)	1,710,170	1,608,219
	2,718,847	2,774,187
<b>Long-term investments (Note 3)</b>	<b>716,782</b>	<b>982,282</b>
	<b>\$ 3,435,629</b>	<b>\$ 3,756,469</b>

### Liabilities and Net Assets

<b>Current</b>		
Accounts payable and accrued liabilities - general	\$ 17,671	\$ 7,000
Accounts payable and accrued liabilities - health professionals recruitment	18,352	18,565
	36,023	25,565
<b>Deferred revenue - health professionals recruitment (Note 5)</b>	<b>104,679</b>	<b>115,134</b>
	140,702	140,699
<b>Net assets</b>		
Unrestricted	3,294,927	3,615,770
	<b>\$ 3,435,629</b>	<b>\$ 3,756,469</b>

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Wingham and District Hospital Foundation Statement of Operations and Change in Net Assets

For the year ended March 31	2018	2017
<b>Revenue</b>		
Donations - general	\$ 207,513	\$ 224,132
Donations - capital campaign	821,019	959,030
Bequests	14,552	126,480
Investment income	49,077	61,459
Health professionals recruitment revenue recognized	86,076	85,819
	<u>1,178,237</u>	<u>1,456,920</u>
<b>Expenses</b>		
Donation to Wingham and District Hospital	1,328,829	1,577,254
Capital campaign	3,134	21,354
Fundraising	10,439	9,697
Professional fees	6,438	6,498
Miscellaneous	672	330
Office and postage	3,806	1,776
Bank charges and fees	1,981	1,340
Salaries, benefits and administrative costs	43,066	40,028
Travel and conventions	416	20
Training	1,315	822
Database software	5,147	4,881
Donor wall update	1,488	2,317
Health professionals recruitment expenses (Note 5)	86,076	85,819
Website expenses	6,273	-
	<u>1,499,080</u>	<u>1,752,136</u>
<b>Deficiency of revenue over expenses for the year</b>	<b>(320,843)</b>	<b>(295,216)</b>
<b>Net assets, beginning of year</b>	<u><b>3,615,770</b></u>	<u><b>3,910,986</b></u>
<b>Net assets, end of year</b>	<u><b>\$ 3,294,927</b></u>	<u><b>\$ 3,615,770</b></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	2018	2017
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ (320,843)	\$ (295,216)
Items not involving cash		
Donated investments	(130,257)	(118,636)
Changes in non-cash working capital balances		
Accrued interest receivable	(1,019)	21,825
Accounts receivable	73,891	(56,436)
Prepaid expenses	(866)	1,193
Accounts payable and accrued liabilities	10,458	(10,156)
Deferred revenue	(10,455)	(4,112)
	<u>(379,091)</u>	<u>(461,538)</u>
<b>Investing activities</b>		
Purchase of investments	(2,015,334)	(1,750,571)
Proceeds from investments	2,309,140	1,603,068
	<u>293,806</u>	<u>(147,503)</u>
<b>Decrease in cash during the year</b>	<b>(85,285)</b>	<b>(609,041)</b>
<b>Cash, beginning of year</b>	<b>1,072,430</b>	<b>1,681,471</b>
<b>Cash, end of year</b>	<b>\$ 987,145</b>	<b>\$ 1,072,430</b>
<b>Represented by</b>		
Cash and bank - general	\$ 864,114	\$ 938,731
Cash and bank - health professionals recruitment	123,031	133,699
	<u>\$ 987,145</u>	<u>\$ 1,072,430</u>

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

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## **Wingham and District Hospital Foundation Notes to Financial Statements**

**March 31, 2018**

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### **1. Summary of Significant Accounting Policies**

<b>Nature and Purpose of Organization</b>	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.
<b>Basis of Accounting</b>	These financial statements were prepared using Canadian accounting standards for not-for-profit organizations.
<b>Fund Accounting</b>	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.
<b>Revenue Recognition</b>	<p>The Foundation follows the deferral method of accounting for contributions. 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 investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.</p>
<b>Contributed Services</b>	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.
<b>Financial Instruments</b>	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. 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. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

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## Wingham and District Hospital Foundation Notes to Financial Statements

**March 31, 2018**

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### 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.

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### 3. Long-term Investments

The Foundation has purchased investments that mature from 2018 to 2022. These guaranteed investment certificates have been purchased from a number of different financial institutions and bear interest at rates from 0.85% to 2.77% (2017 - 0.75% - 2.40%)

	<u>2018</u>	<u>2017</u>
Guaranteed investment certificates	\$ 2,424,171	\$ 2,588,219
Libro Credit Union member shares	<u>2,781</u>	<u>2,282</u>
	2,426,952	2,590,501
Less amounts in current assets due within one year	<u>1,710,170</u>	<u>1,608,219</u>
	<u>\$ 716,782</u>	<u>\$ 982,282</u>

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### 4. 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 \$1,328,829 (2017 - \$1,577,254) of which \$1,100,000 was from the capital campaign for redevelopment of the hospital and \$228,828 was for equipment. 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).

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## Wingham and District Hospital Foundation Notes to Financial Statements

**March 31, 2018**

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**5. 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.

	2018	2017
<b>Revenues</b>		
Municipalities	\$ 62,633	\$ 63,317
Fundraising	7,380	16,468
Donations	1,500	101
Rent reimbursement	2,800	900
Interest earned	1,308	922
	<b>75,621</b>	<b>81,708</b>
<b>Expenses</b>		
Coordinator	61,855	61,688
Locum/resident housing	7,150	7,500
Travel and recruitment tours	10,372	6,567
Office, telephone and advertising	6,219	3,544
Fundraising expenses	480	6,520
	<b>86,076</b>	<b>85,819</b>
Excess (deficiency) of revenue over expenses	<b>(10,455)</b>	<b>(4,111)</b>
Deferred revenue balance, beginning of year	<b>115,134</b>	<b>119,245</b>
<b>Deferred revenue balance, end of year</b>	<b>104,679</b>	<b>115,134</b>
Accounts payable	<b>18,352</b>	<b>18,565</b>
<b>Cash balance, end of year</b>	<b>\$ 123,031</b>	<b>\$ 133,699</b>

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## **Wingham and District Hospital Foundation Notes to Financial Statements**

**March 31, 2018**

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### **6. 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 with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

#### **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 through its investments.

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