

**Wingham and District
Hospital Foundation
Financial Statements**
For the year ended March 31, 2019

Contents

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

Independent Auditor's Report

To the Members of Wingham and District Hospital Foundation

We have audited the accompanying financial statements of Wingham and District Hospital Foundation ("the Foundation"), which comprise the statement of financial position as at March 31, 2019, the statements of operations and changes in net assets 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 financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2019 and its results of operations and 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 cash donations and fundraising, 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, excess of revenue over (under) expenses, and cash flows from operations for the years ended March 31, 2019 and March 31, 2018, current assets as at March 31, 2019 and March 31, 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 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 Organization 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 the financial reporting provisions prescribed by the Canadian accounting standards for not-for-profit organizations. They are also responsible 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting processes.



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 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 Organization'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 Organization'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 Organization 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

Hanover, Ontario
June 18, 2019

Wingham and District Hospital Foundation Statement of Financial Position

March 31	2019	2018
Assets		
Current		
Cash and bank - general (Note 2)	\$ 680,439	\$ 864,114
Cash and bank - health professionals recruitment	20,173	123,031
Accrued interest receivable	7,349	13,343
Accounts receivable	2,504	3,046
Prepaid expenses	5,141	5,141
Current portion of investments (Note 3)	518,831	1,710,170
Current portion of mortgage receivable (Note 4)	5,361	-
	1,239,798	2,718,845
Long-term investments (Note 3)	873,730	716,782
Mortgage receivable (Note 4)	245,691	-
	\$ 2,359,219	\$ 3,435,627

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities - general	\$ 7,000	\$ 17,671
Accounts payable and accrued liabilities - health professionals recruitment	19,676	18,352
	26,676	36,023
Deferred revenue - health professionals recruitment (Note 6)	496	104,679
	27,172	140,702
Net assets		
Unrestricted	2,332,047	3,294,925
	\$ 2,359,219	\$ 3,435,627

On behalf of the Board:

_____ Director

_____ Director

Wingham and District Hospital Foundation Statement of Operations and Changes in Net Assets

For the year ended March 31	2019	2018
Revenue		
Donations - general	\$ 364,235	\$ 207,513
Donations - capital campaign	587,441	821,019
Bequests	8,373	14,552
Investment income	60,942	49,077
Health professionals recruitment revenue recognized	175,987	86,076
	<u>1,196,978</u>	<u>1,178,237</u>
Expenses		
Capital campaign	1,316	3,134
Fundraising	8,758	10,439
Professional fees	6,216	6,438
Miscellaneous	2,388	672
Office and postage	4,410	3,806
Bank charges and fees	2,112	1,981
Salaries, benefits and administrative costs	44,340	43,066
Travel and conventions	20	416
Training	-	1,315
Database software	5,574	5,147
Donor wall update	2,615	1,488
Health professionals recruitment expenses (Note 6)	175,987	86,076
Website expenses	-	6,273
	<u>253,736</u>	<u>170,251</u>
Excess of revenues over expenses before donations	943,242	1,007,986
Donations paid		
Donation to Wingham and District Hospital	1,906,120	1,328,829
Excess of revenue over (under) expenses for the year	(962,878)	(320,843)
Net assets, beginning of year	3,294,925	3,615,768
Net assets, end of year	\$ 2,332,047	\$ 3,294,925

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	2019	2018
Cash provided by (used in)		
Operating activities		
Excess of revenue over (under) expenses for the year	\$ (962,878)	\$ (320,843)
Items not involving cash		
Donated investments	(44,045)	(130,257)
Changes in non-cash working capital balances		
Accrued interest receivable	5,994	(1,019)
Accounts receivable	542	73,891
Prepaid expenses	-	(866)
Accounts payable and accrued liabilities	(9,347)	10,458
Deferred revenue	(104,183)	(10,455)
	<u>(1,113,917)</u>	<u>(379,091)</u>
Investing activities		
Advances of mortgages	(255,000)	-
Purchase of investments	(1,189,888)	(2,015,334)
Proceeds from investments	2,268,324	2,309,140
Proceeds from mortgage receivable	3,948	-
	<u>827,384</u>	<u>293,806</u>
Decrease in cash during the year	(286,533)	(85,285)
Cash, beginning of year	987,145	1,072,430
Cash, end of year	\$ 700,612	\$ 987,145
Represented by		
Cash and bank - general	\$ 680,439	\$ 864,114
Cash and bank - health professionals recruitment	20,173	123,031
	<u>\$ 700,612</u>	<u>\$ 987,145</u>

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

Wingham and District Hospital Foundation Notes to Financial Statements

March 31, 2019

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization	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.
Basis of Accounting	These financial statements were prepared using Canadian accounting standards for not-for-profit organizations.
Fund Accounting	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.
Revenue Recognition	<p>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>
Contributed Services	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.
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and cash 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.

Wingham and District Hospital Foundation Notes to Financial Statements

March 31, 2019

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.

3. Long-term Investments

The Foundation has purchased investments that mature from 2019 to 2022. These guaranteed investment certificates have been purchased from a number of different financial institutions and bear interest at rates from 0.80% to 2.77% (2018 - 0.85% - 2.77%)

	2019	2018
Guaranteed investment certificates	\$ 1,389,238	\$ 2,424,171
Libro Credit Union member shares	3,323	2,781
	1,392,561	2,426,952
Less amounts in current assets due within one year	518,831	1,710,170
	\$ 873,730	\$ 716,782

4. Mortgage Receivable

	2019	2018
Mortgage, 5%, receivable in monthly installments of \$1,483 principal and interest, due June 2020	\$ 251,052	\$ -
current portion	(5,361)	-
	\$ 245,691	\$ -

Wingham and District Hospital Foundation Notes to Financial Statements

March 31, 2019

5. 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 (2018 - \$1,328,829). 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).

6. 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.

	2019	2018
Revenues		
Municipalities	\$ 62,633	\$ 62,633
Fundraising	7,136	7,380
Donations	700	1,500
Rent reimbursement	-	2,800
Interest earned	1,335	1,308
	71,804	75,621
Expenses		
Coordinator	64,139	61,855
Locum/resident housing	7,500	7,150
Travel and recruitment tours	9,797	10,372
Office, telephone and advertising	2,768	6,219
Recruitment relocation and incentives	91,783	-
Fundraising expenses	-	480
	175,987	86,076
Excess (deficiency) of revenue over expenses	(104,183)	(10,455)
Deferred revenue balance, beginning of year	104,679	115,134
Deferred revenue balance, end of year	496	104,679
Accounts payable	19,676	18,352
Cash balance, end of year	\$ 20,172	\$ 123,031

Wingham and District Hospital Foundation Notes to Financial Statements

March 31, 2019

7. 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.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risk.
