

**PERTH AND SMITHS FALLS DISTRICT
HOSPITAL FOUNDATION**

FINANCIAL STATEMENTS

MARCH 31, 2023

Independent Auditor's Report
Statement of Financial Position
Statement of Changes in Net Assets
Statement of Operations
Statement of Cash Flows
Notes to the Financial Statements



CHARTERED
PROFESSIONAL
ACCOUNTANTS

KELLY HUIBERS McNEELY

PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Perth and Smiths Falls District Hospital Foundation

Qualified Opinion

We have audited the accompanying financial statements of Perth and Smiths Falls District Hospital Foundation ("the Foundation"), which comprise the statement of financial position as at March 31, 2023, and the statements of changes in net assets, operations 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 financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

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 opinion.

In common with many not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities, 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 revenue, net revenue, and cash flows from operations for the years ended March 31, 2023 and March 31, 2022, current assets as at March 31, 2023 and March 31, 2022, and net assets as at the beginning and the end of the years ended March 31, 2023 and March 31, 2022. Our audit opinion on the financial statements for the year ended March 31, 2022 was also qualified because of the possible effects of this limitation in scope.

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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 organization 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.
- 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.

Kelly Huibers McNeely
Professional Corporation

Stittsville, Ontario
September 20, 2023

Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

PERTH AND SMITHS FALLS DISTRICT HOSPITAL FOUNDATION
(Incorporated without share capital under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 216,257	\$ 418,434
Marketable securities (note 3)	62,243	539,639
Accounts receivable	7,487	7,392
Prepaid expenses	12,615	-
Funds available from endowment account	<u>2,944,690</u>	<u>2,862,850</u>
	<u>3,243,292</u>	<u>3,828,315</u>
 ENDOWMENT ASSETS		
Cash	82,621	114,963
Endowment securities (note 3)	<u>4,992,209</u>	<u>5,069,966</u>
	5,074,830	5,184,929
Funds available to general account	<u>(2,944,690)</u>	<u>(2,862,850)</u>
	2,130,140	2,322,079
	\$ 5,373,432	\$ 6,150,394
 LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 176,813	\$ 488,716
Deferred revenue	<u>-</u>	<u>6,585</u>
	<u>176,813</u>	<u>495,301</u>
 NET ASSETS		
General	2,354,339	2,269,082
Externally restricted	712,140	63,932
Internally restricted	-	979,889
Restricted for endowment purposes	<u>2,130,140</u>	<u>2,342,190</u>
	5,196,619	5,655,093
	\$ 5,373,432	\$ 6,150,394

APPROVED BY THE BOARD

Member

Member

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

PERTH AND SMITHS FALLS DISTRICT HOSPITAL FOUNDATION
(Incorporated without share capital under the laws of Ontario)

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2023

	Externally Endowment	Restricted	Internally Restricted	General	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 2,342,190	\$ 63,932	\$ 979,889	\$ 2,269,082	\$ 5,655,093	\$ 5,576,335
NET REVENUE (EXPENSE)	(212,050)	648,208	(979,889)	85,257	(458,474)	78,758
NET ASSETS - END OF YEAR	\$ 2,130,140	\$ 712,140	\$ -	\$ 2,354,339	\$ 5,196,619	\$ 5,655,093

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

PERTH AND SMITHS FALLS DISTRICT HOSPITAL FOUNDATION
(Incorporated without share capital under the laws of Ontario)

STATEMENT OF OPERATIONS

For the year ended March 31, 2023

	2023	2022
REVENUE		
Donations and grants	\$ 1,708,950	\$ 2,028,648
Nevada receipts	29,414	36,835
Endowment income (loss)	(75,716)	164,115
Investment income	21,484	3,076
Events income donated	220,241	62,050
Expense reimbursement	<u>-</u>	<u>299</u>
	<u>1,904,373</u>	<u>2,295,023</u>
EXPENDITURES		
Advertising and special events	208,334	97,419
Bank and brokerage charges	47,676	42,363
Donor recognition	699	443
Insurance	4,011	4,011
Nevada expenses	12,205	15,020
Office supplies, postage and stationery	29,421	34,653
Professional fees	15,122	111,961
Wage and contract	<u>249,594</u>	<u>235,635</u>
	<u>567,062</u>	<u>541,505</u>
REVENUE BEFORE DONATIONS PAID	1,337,311	1,753,518
DONATIONS PAID	1,795,785	1,674,760
NET REVENUE (EXPENDITURES)	\$ (458,474)	\$ 78,758

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

PERTH AND SMITHS FALLS DISTRICT HOSPITAL FOUNDATION
(Incorporated without share capital under the laws of Ontario)

STATEMENT OF CASH FLOWS

For the year ended March 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue (expenditures)	\$ (458,474)	\$ 78,758
Net change in non-cash working capital items:		
Accounts receivable	(95)	10,423
Prepaid expenses	(12,615)	-
Accounts payable and accrued liabilities	(311,903)	463,891
Deferred revenue	<u>(6,585)</u>	<u>6,585</u>
	<u>(789,672)</u>	<u>559,657</u>
INVESTING ACTIVITIES		
Marketable securities, net proceeds (purchases)	477,396	(425,011)
Endowment securities, net proceeds (purchases)	<u>77,757</u>	<u>(97,308)</u>
	<u>555,153</u>	<u>(522,319)</u>
NET CHANGE IN CASH	(234,519)	37,338
CASH - BEGINNING OF YEAR	533,397	496,059
CASH - END OF YEAR	\$ 298,878	\$ 533,397
 CASH CONSISTS OF:		
Cash	\$ 216,257	\$ 418,434
Endowment assets - cash	82,621	114,963
	\$ 298,878	\$ 533,397

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

PERTH AND SMITHS FALLS DISTRICT HOSPITAL FOUNDATION
(Incorporated without share capital under the laws of Ontario)

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2023

1. PURPOSE OF THE FOUNDATION

The objectives of Perth and Smiths Falls District Hospital Foundation ("the Foundation") are to receive and maintain a fund or funds and from time to time apply all or part thereof and/or the income therefrom for charitable purposes and for the attainment of such objects:

- i) To use, apply, give, devote, accumulate, or distribute from time to time all or part of the fund or funds of the Foundation and/or the income therefrom to or for the benefit of the Perth and Smiths Falls District Hospital ("the Hospital");
- ii) To undertake and carry out, and to encourage, aid and assist the Hospital and others in undertaking and carrying out any and all phases of medical health care in the Community, either along or in cooperation or conjunction with others.

The Foundation is a charitable organization that is a registered charity under the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The principal accounting policies of the Foundation are summarized as follows:

Investments

The Foundation has high interest savings accounts, fixed income investments and equities that are publicly traded, that are recorded at market value, with unrealized gains and losses being recorded in the statement of operations.

PERTH AND SMITHS FALLS DISTRICT HOSPITAL FOUNDATION
(Incorporated without share capital under the laws of Ontario)

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors. Any transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors.

For financial reporting purposes, the accounts have been classified into the following funds:

- The Unrestricted Fund accounts for the Foundation's general fundraising, granting, and administrative activities. Unless otherwise specified, any investment income earned is included in the Unrestricted Fund.
- The Endowment Fund distributes the investment income earned to the Unrestricted Fund. Unrealized and realized gains or losses remain in the Endowment Fund.
- The Internally Restricted Fund represents funds the Board has set aside. These funds were previously held in the Smiths Falls Community Hospital Foundation.
- The Externally Restricted Fund reflects the value of designated donations which have not been distributed as at the end of the year.

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenditures are incurred. Endowment contributions are recognized as direct increases in net assets. Net investment income that is not externally restricted is recognized as income in the statement of operations; externally restricted net investment income that must be added to the principal amount of resources held for endowment is recognized in the statement of operations and allocated to the Endowment Fund.

PERTH AND SMITHS FALLS DISTRICT HOSPITAL FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS

March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

Volunteers contribute a significant number of hours per year to assist in carrying out the Foundation's service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of Estimates

The preparation of financial statements, in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

3. MARKETABLE SECURITIES

	2023	2022
<u>General</u>		
High interest savings account	\$ 62,243	\$ 539,639
	\$ 62,243	\$ 539,639
<u>Endowment</u>		
High interest savings account	\$ 317,837	\$ 100,000
Coupons	359,640	385,069
Bonds and corporate papers	1,389,094	1,613,387
Canadian preferred shares	210,720	263,900
Canadian equities	1,325,389	1,378,719
US equities	1,389,529	1,328,891
	\$ 4,992,209	\$ 5,069,966

The Foundation's fixed income securities bear interest at rates ranging from 3.05% to 4.86% (2022 - 0.50% to 5.20%) and mature between 2023 and 2031 (2022 - 2022 and 2031).

PERTH AND SMITHS FALLS DISTRICT HOSPITAL FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS

March 31, 2023

4. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, marketable securities, accounts receivable, endowment securities, and accounts payable and accrued liabilities. It is Management's opinion that the fair value of these instruments is not materially different than their cost and that the Foundation is not exposed to significant interest rate, currency or credit risk. Marketable securities are stated at fair value.