

**STRATFORD GENERAL
HOSPITAL FOUNDATION**

FINANCIAL STATEMENTS

MARCH 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Stratford General Hospital Foundation
Stratford, Ontario

Opinion

We have audited the financial statements of **Stratford General Hospital Foundation**, which comprise the statement of financial position as at **March 31, 2022** and the statements of operations, changes in fund balances and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Stratford General Hospital 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of **Stratford General Hospital 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 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 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, 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.

INDEPENDENT AUDITORS' REPORT - continued

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.

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.

INDEPENDENT AUDITORS' REPORT - continued

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

Farnett Co

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

London, Ontario
May 30, 2022

Stratford General Hospital Foundation
Statement of Financial Position
As at March 31, 2022

ASSETS

	2022	2021
Current Assets		
Cash	\$ 6,034,249	\$ 1,477,488
Investments (Note 5)	1,793,712	1,436,299
Prepaid expenses	40,914	25,964
HST receivable	<u>10,545</u>	<u>10,443</u>
	\$ 7,879,420	<u>2,950,194</u>
Investments - at market value		
Investments - endowment fund (Note 6)	1,062,370	<u>1,090,494</u>
Property, Plant and Equipment (Note 7)		
	<u>7,400</u>	<u>9,989</u>
	<u>\$ 8,949,190</u>	<u>\$ 4,050,677</u>

LIABILITIES

Current Liabilities		
Accounts payable - Huron Perth Healthcare Alliance	37,399	37,003
Accounts payable - other	<u>7,452</u>	<u>6,129</u>
	44,851	<u>43,132</u>

FUND BALANCES

Net Assets		
Endowment	1,062,370	1,090,494
Other restricted	6,935,891	1,890,372
Unrestricted	<u>906,078</u>	<u>1,026,679</u>
	<u>8,904,339</u>	<u>4,007,545</u>
	<u>\$ 8,949,190</u>	<u>\$ 4,050,677</u>

Approved on Behalf of the Board:

Director

Director

(See Accompanying Notes to the Financial Statements)

Stratford General Hospital Foundation
Statement of Changes in Fund balances
For the year ended March 31, 2022

	Endowment Funds	Other Restricted Funds	Unrestricted Funds	Total 2022	Total 2021
Balance - beginning of year	\$ 1,090,494	\$ 1,890,372	\$ 1,026,679	\$ 4,007,545	\$ 3,787,438
Excess of revenue over expenditures (expenditures over revenue) for the year	7,411	5,009,984	(120,601)	4,896,794	220,107
Interfund transfers	<u>(35,535)</u>	<u>35,535</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance - end of year	<u>\$ 1,062,370</u>	<u>\$ 6,935,891</u>	<u>\$ 906,078</u>	<u>\$ 8,904,339</u>	<u>\$ 4,007,545</u>

(See Accompanying Notes to the Financial Statements)

Stratford General Hospital Foundation

Statement of Operations

For the year ended March 31, 2022

	Endowment Funds	Other Restricted Funds	Unrestricted Funds	Total 2022	Total 2021
Revenue					
Donations	\$ -	\$ 6,924,747	\$ 150,356	\$ 7,075,103	\$ 2,171,480
Investment income (Note 6)	20,917	-	44,590	65,507	145,671
Other	-	-	-	-	310
	<u>20,917</u>	<u>6,924,747</u>	<u>194,946</u>	<u>7,140,610</u>	<u>2,317,461</u>
Expenditures					
Wages and benefits	-	219,919	200,432	420,351	382,069
Professional fees	13,506	-	7,795	21,301	22,058
Annual fundraising costs	-	-	61,807	61,807	86,686
Capital campaign costs	-	77,308	-	77,308	33,076
Other administrative expenses	-	-	42,924	42,924	55,718
Amortization	-	-	2,589	2,589	2,389
	<u>13,506</u>	<u>297,227</u>	<u>315,547</u>	<u>626,280</u>	<u>581,996</u>
Disbursements on behalf of Stratford General Hospital	-	1,617,536	-	1,617,536	1,515,358
	<u>13,506</u>	<u>1,914,763</u>	<u>315,547</u>	<u>2,243,816</u>	<u>2,097,354</u>
Excess of revenue over expenditures (expenditures over revenue) for the year	<u>\$ 7,411</u>	<u>\$ 5,009,984</u>	<u>\$ (120,601)</u>	<u>\$ 4,896,794</u>	<u>\$ 220,107</u>

(See Accompanying Notes to the Financial Statements)

Stratford General Hospital Foundation

Statement of Cash Flows

For the year ended March 31, 2022

	2022	2021
Cash Provided By (Used In):		
Operating Activities		
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ 4,896,794	\$ 220,107
Items not requiring cash		
Amortization of property, plant and equipment	2,589	2,389
Unrealized losses (gains) on investments	29,206	(76,309)
Net changes in non-cash current operating accounts		
Decrease (increase) in prepaid expenses	(14,950)	(547)
Decrease (increase) in HST receivable	(102)	(190)
Increase (decrease) in accounts payable		
- Huron Perth Healthcare Alliance	396	(16,753)
- Other	<u>1,323</u>	<u>251</u>
	\$ 4,915,256	<u>128,948</u>
Investing Activities		
Purchase of property, plant and equipment	-	(1,995)
Deposits and reinvestments into investment account	(357,413)	(169,756)
Withdrawal from investment account (endowment)	35,535	63,877
Deposit and reinvestments into investment account (endowment)	<u>(36,617)</u>	<u>(25,845)</u>
	<u>(358,495)</u>	<u>(133,719)</u>
Increase (decrease) in cash and cash equivalents	4,556,761	(4,771)
Cash and cash equivalents - beginning of year	<u>1,477,488</u>	<u>1,482,259</u>
Cash and cash equivalents - end of year	\$ <u>6,034,249</u>	\$ <u>1,477,488</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	\$ <u>6,034,249</u>	\$ <u>1,477,488</u>

(See Accompanying Notes to the Financial Statements)

Stratford General Hospital Foundation
Notes to the Financial Statements
For the year ended March 31, 2022

1. Purpose of the Organization

The mission of the Stratford General Hospital Foundation (the Foundation) is to encourage, receive and administer donations for the benefit of the Stratford General Hospital campus of the Huron Perth Healthcare Alliance.

The Foundation was incorporated without share capital in 1983 under the laws of the Province of Ontario and is a registered charity exempt from income taxes under paragraph 149(1)(f) of the Income Tax Act. As a registered charity, the Foundation may issue income tax receipts to its donors.

2. Accounting Policies

These financial statements have been prepared from information available within the guidelines of Canadian accounting standards for not-for-profit organizations summarized below:

(a) **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.

(b) **Cash and Cash Equivalents**

For purposes of reporting cash flows, cash and cash equivalents include short-term investments which have a maturity of one year or less and cashable guaranteed investment certificates.

(c) **Amortization**

Property, plant and equipment are stated at cost less accumulated amortization. Amortization is calculated on the straight-line basis over the useful lives of the related assets, generally as follows:

Furniture and equipment - 10 to 20 years
Computer equipment - 5 years

(d) **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 recorded on an accrual basis.

(e) **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 expenditures. Due to measurement uncertainty, results could differ from those estimates.

Stratford General Hospital Foundation
Notes to the Financial Statements
For the year ended March 31, 2022

2. Accounting Policies (continued)

(f) **Contributed Services**

The work of the Foundation is dependent on the time and expertise donated by many volunteers. The value of donated services is not recognized in the financial statements.

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 three funds for financial reporting purposes:

- (a) **Endowment:** Endowment funds are required to be invested and held in perpetuity. Investment income earned on endowed funds is available to be used for general purposes.
- (b) **Other Restricted:** Other 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 other restricted funds is available to be used for general purposes.
- (c) **Unrestricted:** Unrestricted funds may be used for any purpose, including the Foundation's general operating activities.

4. Financial Instruments - Risk

It is management's opinion that the Foundation is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. To address market risk, the Foundation follows an investment policy which limits the amount of exposure in any one type of investment and with any one entity.

5. Investments - Restricted and Unrestricted Funds

Some of the assets of the restricted and unrestricted funds have been invested with a registered securities broker in accordance with the organization's investment policy. The investments balance consists of the following:

	2022	2021
Cash	\$ 61	\$ 32
Fixed income (Cost - \$ 1,745,031/2021 - \$ 1,235,000)	1,753,351	1,243,327
Mutual funds (Cost - \$ 40,300/2021 - \$ 192,940)	<u>40,300</u>	<u>192,940</u>
	<u>\$ 1,793,712</u>	<u>\$ 1,436,299</u>

The fixed income investments have interest rates from 0.55% to 2.10% and a maturity dates between May, 2022 and January, 2023.

Stratford General Hospital Foundation
Notes to the Financial Statements
For the year ended March 31, 2022

6. Investments - Endowment Fund

The assets of the endowment fund have been invested with a registered securities broker in accordance with the organization's investment policy. The endowment fund investment consists of the following:

	2022	2021
Cash	\$ 43,851	\$ 40,961
Fixed income (Cost - \$ 598,748/2021 - \$ 572,819)	578,950	586,843
Equities (Cost - \$ 302,075/2021 - \$ 277,172)	360,481	330,877
Mutual funds (Cost - \$ 79,088/2021 - \$ 131,813)	<u>79,088</u>	<u>131,813</u>
	<u>\$ 1,062,370</u>	<u>\$ 1,090,494</u>

Investment income (loss) for the endowment fund consists of the following:

Dividends	\$ 7,238	\$ 7,052
Interest	15,545	17,108
Realized gains	26,296	14,306
Other	<u>1,044</u>	<u>1,123</u>
	50,123	39,589
Unrealized gains (losses)	<u>(29,206)</u>	<u>76,309</u>
	<u>\$ 20,917</u>	<u>\$ 115,898</u>

7. Property, Plant and Equipment

	Cost	Accumulated Amortization	Net Book Value	
			2022	2021
Furniture, equipment and computers	\$ <u>34,758</u>	\$ <u>27,358</u>	\$ <u>7,400</u>	\$ <u>9,989</u>

8. Pledges Receivable

Pledges outstanding, but not recognized in these financial statements as at March 31, 2022, amounted to \$ 6,848,250 (2021 - \$ 1,123,119).

Stratford General Hospital Foundation
Notes to the Financial Statements
For the year ended March 31, 2022

9. Impact of COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. As a result, some government services were temporarily suspended, international travel was limited and health authorities advised individuals to practice “social distancing”. Foundation staff were able to find alternative work arrangements and, due to the generosity of the Foundation's donors, there has not been a significant impact on the operations of the Foundation.

Public health measures that were in effect during the 2022 fiscal year have caused the Foundation to cancel or postpone several in-person fundraising and awareness events. In particular, the Foundation’s keynote speaker event that is normally part of the Annual General Meeting (AGM) in early summer was postponed. Several other fundraising events for the Foundation’s current capital campaign could also not be held as planned and were cancelled or deferred. Costs related to these kinds of events are normally included in other administrative expenses (for the AGM) or as part of fundraising costs or capital campaign costs (depending on the nature of the event). The Foundation hopes to resume its normal in-person event schedule in 2023, or whenever public health restrictions permit such activities.

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

10. Related Party Transactions

The Foundation paid \$ 2,339 (2021 - \$ 156) to a company owned by an individual who is a member of the Executive Director’s immediate family for fundraising and communications consulting services. This contract was approved by a vote of the Board and the contractor reported directly to the Board Chair. This expense is included in the capital campaign costs of the Other Restricted Funds on the Statement of Operations. Additionally, \$ 5,457 (2021 - \$ 4,859) was paid to this company predominantly for direct mail services. These expenses are included in the annual fundraising costs of the Unrestricted Funds on the Statement of Operations. As at March 31, 2022, there is no amount payable to this vendor. The transactions were recorded at the exchange amount as determined through a bidding process.

Stratford General Hospital Foundation
Schedule A: Continuity of Fund Balances
For the year ended March 31, 2022

	Balance March 31, 2021	Revenue	Net Interfund Transfers	Total to be Accounted For	Expenditures and Disbursements	Balance March 31, 2022
<u>Unrestricted Funds:</u>						
General	\$ 1,026,679	\$ 194,946	\$ -	\$ 1,221,625	\$ 315,547	\$ 906,078
<u>Endowment Funds:</u>						
McNair Fund	1,090,494	20,917	(35,535)	1,075,876	13,506	1,062,370
<u>Other Restricted Funds:</u>						
Building	158,844	-	-	158,844	30,000	128,844
In Our Hands	1,443,713	6,850,206	36,383	8,330,302	1,848,799	6,481,503
Special Purposes	256,330	38,488	-	294,818	24,220	270,598
Gifts in Kind	-	8,600	-	8,600	8,600	-
People of Stratford Bursary	3,144	-	-	3,144	3,144	-
Special Events Holding	28,341	27,453	(848)	54,946	-	54,946
	<u>1,890,372</u>	<u>6,924,747</u>	<u>35,535</u>	<u>8,850,654</u>	<u>1,914,763</u>	<u>6,935,891</u>
	<u>\$ 4,007,545</u>	<u>\$ 7,140,610</u>	<u>\$ -</u>	<u>\$11,148,155</u>	<u>\$ 2,243,816</u>	<u>\$ 8,904,339</u>