

STRATFORD GENERAL HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
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, 2024**, 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, 2024** 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.

INDEPENDENT AUDITORS' REPORT - continued

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

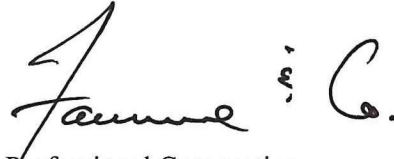
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

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.

A handwritten signature in black ink, appearing to read "Faunce & Co.", written in a cursive style.

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

London, Ontario
June 3, 2024

Stratford General Hospital Foundation
Statement of Financial Position
As at March 31, 2024

ASSETS

	2024	2023
Current Assets		
Cash	\$ 3,326,630	\$ 5,831,403
Prepaid expenses	53,796	23,933
HST receivable	12,032	20,839
Current portion of investments	<u>1,341,817</u>	<u>1,102,031</u>
	\$ 4,734,275	\$ 6,978,206
Investments - at market value		
Investments - endowment fund (Note 6)	1,090,552	1,048,414
Investments - other (Note 5)	<u>2,325,668</u>	<u>1,985,502</u>
	3,416,220	3,033,916
Less: Current portion	<u>1,341,817</u>	<u>1,102,031</u>
	2,074,403	1,931,885
Property, Plant, and Equipment (Note 7)	<u>12,979</u>	<u>16,151</u>
	\$ 6,821,657	\$ 8,926,242

LIABILITIES

Current Liabilities		
Accounts payable - Huron Perth Healthcare Alliance	38,094	48,294
Accounts payable - other (Note 8)	<u>46,638</u>	<u>2,609</u>
	84,732	50,903

FUND BALANCES

Net Assets		
Endowment	1,090,552	1,048,413
Other Restricted	4,662,340	6,833,764
Unrestricted	<u>984,033</u>	<u>993,162</u>
	6,736,925	8,875,339
	\$ 6,821,657	\$ 8,926,242

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, 2024

	Endowment Funds	Other Restricted Funds	Unrestricted Funds	Total 2024	Total 2023
Balance - beginning of year	\$ 1,048,413	\$ 6,833,764	\$ 993,162	\$ 8,875,339	\$ 8,904,339
Excess of revenue over expenditures (expenditures over revenue) for the year	<u>42,139</u>	<u>(2,171,424)</u>	<u>(9,129)</u>	<u>(2,138,414)</u>	<u>(29,000)</u>
Balance - end of year	<u>\$ 1,090,552</u>	<u>\$ 4,662,340</u>	<u>\$ 984,033</u>	<u>\$ 6,736,925</u>	<u>\$ 8,875,339</u>

(See Accompanying Notes to the Financial Statements)

Stratford General Hospital Foundation

Statement of Operations

For the year ended March 31, 2024

	Endowment Funds	Other Restricted Funds	Unrestricted Funds	Total 2024	Total 2023
Revenue					
Donations	\$ -	\$ 3,785,419	\$ 207,717	\$ 3,993,136	\$ 1,665,016
Investment income (Note 6)	54,712	-	349,585	404,297	211,163
Other	-	-	4,767	4,767	-
	<u>54,712</u>	<u>3,785,419</u>	<u>562,069</u>	<u>4,402,200</u>	<u>1,876,179</u>
Expenditures					
Wages and benefits	-	149,897	343,113	493,010	511,024
Professional fees	12,573	-	10,414	22,987	22,734
Annual fundraising costs	-	-	96,213	96,213	61,512
Capital campaign costs	-	65,372	-	65,372	143,854
Other administrative expenses	-	-	68,287	68,287	54,979
Amortization	-	-	3,171	3,171	3,854
	<u>12,573</u>	<u>215,269</u>	<u>521,198</u>	<u>749,040</u>	<u>797,957</u>
Disbursements on behalf of Stratford General Hospital	-	5,741,574	-	5,741,574	1,107,222
Donation to another foundation	-	-	50,000	50,000	-
	<u>-</u>	<u>5,741,574</u>	<u>50,000</u>	<u>5,791,574</u>	<u>1,107,222</u>
	<u>12,573</u>	<u>5,956,843</u>	<u>571,198</u>	<u>6,540,614</u>	<u>1,905,179</u>
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ <u>42,139</u>	\$ <u>(2,171,424)</u>	\$ <u>(9,129)</u>	\$ <u>(2,138,414)</u>	\$ <u>(29,000)</u>

(See Accompanying Notes to the Financial Statements)

Stratford General Hospital Foundation
Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
Cash Provided By (Used In):		
Operating Activities		
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ (2,138,414)	\$ (29,000)
Items not requiring cash		
Amortization	3,171	3,854
Unrealized losses (gains) on investments	(19,964)	30,956
Net changes in non-cash current operating accounts		
Decrease (increase) in prepaid expenses	(29,863)	16,981
Decrease (increase) in HST receivable	8,807	(10,294)
Increase (decrease) in accounts payable		
- Huron Perth Healthcare Alliance	(10,200)	10,895
- Other	<u>44,029</u>	<u>(4,843)</u>
	\$ (2,142,434)	<u>18,549</u>
Investing Activities		
Purchase of property, plant, and equipment	-	(12,605)
Deposits and reinvestments into investment account	(340,165)	(191,790)
Deposits and reinvestments into investment account (endowment)	<u>(22,174)</u>	<u>(17,000)</u>
	<u>(362,339)</u>	<u>(221,395)</u>
Decrease in cash and cash equivalents	(2,504,773)	(202,846)
Cash and cash equivalents - beginning of year	<u>5,831,403</u>	<u>6,034,249</u>
Cash and cash equivalents - end of year	<u>\$ 3,326,630</u>	<u>\$ 5,831,403</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>\$ 3,326,630</u>	<u>\$ 5,831,403</u>

(See Accompanying Notes to the Financial Statements)

Stratford General Hospital Foundation
Notes to the Financial Statements
For the year ended March 31, 2024

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 in accordance with the 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 excess of revenue over expenditures.

(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, revenue, and expenditures. Due to measurement uncertainty, results could differ from those estimates.

(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.

Stratford General Hospital Foundation
Notes to the Financial Statements
For the year ended March 31, 2024

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:

	2024	2023
Cash	\$ 36	\$ 364
Fixed income (Cost - \$ 2,027,300/2023 - \$ 1,912,900)	2,078,334	1,956,138
Mutual funds (Cost - \$ 247,298/2023 - \$ 29,000)	<u>247,298</u>	<u>29,000</u>
	<u>\$ 2,325,668</u>	<u>\$ 1,985,502</u>

The fixed income investments have interest rates from 4.20% to 5.35% and maturity dates between July, 2024 and January, 2026.

Stratford General Hospital Foundation
Notes to the Financial Statements
For the year ended March 31, 2024

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 investments consists of the following:

	2024	2023
Cash	\$ 33,765	\$ 33,668
Fixed income (Cost - \$ 645,984/2023 - \$ 635,444)	613,658	606,025
Equities (Cost - \$ 364,622/2023 - \$ 351,466)	422,861	388,453
Mutual funds (Cost - \$ 20,268/2023 - \$ 20,268)	<u>20,268</u>	<u>20,268</u>
	<u>\$ 1,090,552</u>	<u>\$ 1,048,414</u>

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

Dividends	\$ 8,771	\$ 7,992
Interest	16,587	16,034
Realized gains	7,912	1,853
Other	<u>1,478</u>	<u>3,447</u>
	34,748	29,326
Unrealized gains (losses)	<u>19,964</u>	<u>(30,956)</u>
	<u>\$ 54,712</u>	<u>\$ (1,630)</u>

7. Property, Plant, and Equipment

	Cost	Accumulated Amortization	Net Book Value	
			2024	2023
Furniture, equipment, and computers	\$ <u>47,364</u>	\$ <u>34,385</u>	\$ <u>12,979</u>	\$ <u>16,151</u>

8. Pledges

Pledges receivable outstanding, but not recognized in these financial statements as at March 31, 2024, amounted to \$ 7,205,825 (2023 - \$ 7,366,070).

The foundation has pledged a disbursement of \$ 50,000 to the St. Mary's Healthcare Foundation which has been recorded as a donation to another foundation. As at March 31, 2024, \$ 10,000 of the pledge has been paid and the remaining \$ 40,000 has been included in the accounts payable - other.

9. Comparative Figures

Certain 2023 figures on the statement of financial position have been reclassified to conform to the 2024 financial statement presentation.

Stratford General Hospital Foundation
Schedule A: Continuity of Fund Balances
For the year ended March 31, 2024

	Balance March 31, 2023	Revenue	Net Interfund Transfers	Total to be Accounted For	Expenditures and Disbursements	Balance March 31, 2024
Unrestricted Funds						
General	\$ <u>993,162</u>	\$ <u>562,069</u>	\$ <u>-</u>	\$ <u>1,555,231</u>	\$ <u>571,198</u>	\$ <u>984,033</u>
Endowment Funds						
McNair Fund	<u>1,048,413</u>	<u>54,712</u>	<u>-</u>	<u>1,103,125</u>	<u>12,573</u>	<u>1,090,552</u>
Other Restricted Funds						
Building	98,086	-	-	98,086	20,000	78,086
In Our Hands	6,464,827	3,596,722	114,637	10,176,186	5,890,501	4,285,685
Special Purposes	268,172	140,950	(84,444)	324,678	31,764	292,914
Gifts in Kind	-	14,578	-	14,578	14,578	-
Special Events Holding	<u>2,679</u>	<u>33,169</u>	<u>(30,193)</u>	<u>5,655</u>	<u>-</u>	<u>5,655</u>
	<u>6,833,764</u>	<u>3,785,419</u>	<u>-</u>	<u>10,619,183</u>	<u>5,956,843</u>	<u>4,662,340</u>
	<u>\$ 8,875,339</u>	<u>\$ 4,402,200</u>	<u>\$ -</u>	<u>\$ 13,277,539</u>	<u>\$ 6,540,614</u>	<u>\$ 6,736,925</u>