

**SOUTH HURON HOSPITAL FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 2021**

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of the South Huron Hospital Foundation

Opinion

We have audited the accompanying financial statements of South Huron Hospital Foundation, which are comprised of the balance sheet as at March 31, 2021 and the statements of revenue and expenses 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 effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the South Huron Hospital Foundation as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Basis for Qualified Opinion

In common with many charitable organizations, the South Huron Hospital Foundation derives revenue from donations, 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 South Huron Hospital Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess of revenues over expenses, assets and fund balances. Our opinion on the financial statements for the year ended March 31, 2021, as well as the opinion on the prior year financial statements for the year ended March 31, 2020, was modified accordingly because of the possible effects of this scope limitation.

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 South Huron 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 these 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 the financial statements in accordance with ASNFPO, 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 South Huron Hospital 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 South Huron Hospital Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the South Huron Hospital Foundation's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)

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 South Huron Hospital 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 South Huron Hospital 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 South Huron Hospital Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
May 17, 2021

**SOUTH HURON HOSPITAL FOUNDATION
(A REGISTERED PUBLIC FOUNDATION)**

BALANCE SHEET

See Accompanying Notes to Financial Statements

As at March 31	2021	2020
ASSETS		
Current assets		
Cash	297,179	316,550
Accounts receivable	4,693	5,362
Investments (note 3)	1,576,154	1,265,730
Prepaid expenses	8,644	11,749
	<u>\$ 1,886,670</u>	<u>\$ 1,599,391</u>
LIABILITIES AND SURPLUS		
Current liabilities		
Accounts payable and accrued liabilities	1,900	1,700
Due to South Huron Hospital Association	62,798	108,127
	<u>64,698</u>	<u>109,827</u>
Surplus		
Unrestricted	1,821,972	1,489,564
Restricted	-	-
	<u>1,821,972</u>	<u>1,489,564</u>
	<u>\$ 1,886,670</u>	<u>\$ 1,599,391</u>

SOUTH HURON HOSPITAL FOUNDATION
(A REGISTERED PUBLIC FOUNDATION)
STATEMENT OF REVENUE AND EXPENSES

See Accompanying Notes to Financial Statements

For the Year Ended March 31	Unrestricted Fund	Restricted Fund	2021 Total	2020 Total
Receipts				
Donations and fundraising	531,886	67,276	599,162	718,813
Investment income - interest, dividends and realized gains (losses)	63,089	-	63,089	47,570
Investment income - unrealized holding gains (losses)	207,833	-	207,833	(134,745)
	<u>802,808</u>	<u>67,276</u>	<u>870,084</u>	<u>631,638</u>
Expenditure				
Fundraising expenses	46,023	11,216	57,239	157,658
Administrative expenses	96,419	1,148	97,567	115,630
Investment counsel fees	6,430	-	6,430	5,474
	<u>148,872</u>	<u>12,364</u>	<u>161,236</u>	<u>278,762</u>
Excess (deficiency) of revenues over expenditures before allocation to South Huron Hospital Association	\$ 653,936	\$ 54,912	\$ 708,848	\$ 352,876
Allocation to South Huron Hospital Association	(321,528)	-	(321,528)	(219,481)
Allocation to Jessica's House Foundation	<u>-</u>	<u>(54,912)</u>	<u>(54,912)</u>	<u>(98,824)</u>
Excess (deficiency) of revenues over expenditures	\$ 332,408	\$ 0	\$ 332,408	\$ 34,571
Accumulated surplus, beginning of year	<u>1,489,564</u>	<u>-</u>	<u>1,489,564</u>	<u>1,454,993</u>
Accumulated surplus, end of year	<u><u>\$ 1,821,972</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,821,972</u></u>	<u><u>\$ 1,489,564</u></u>

SOUTH HURON HOSPITAL FOUNDATION
(A REGISTERED PUBLIC FOUNDATION)
STATEMENT OF CASH FLOWS

See Accompanying Notes to Financial Statements

For the Year Ended March 31	2021	2020
Operating activities		
Excess of revenue over expenses for the year	332,408	34,571
Items not requiring (not providing) cash		
Gain on sale of investments	10,868	-
Loss on sale of investments	-	(178)
Working capital provided from operations	343,276	34,393
Cash provided from (used for) changes in operational balances		
Accounts receivable	669	1,693
Prepaid expenses	3,105	13,746
Accounts payable and accrued liabilities	200	(697,386)
Cash provided from (used for) operating activities	347,250	(647,554)
Financing and investing activities		
Net investment sales (purchases)	(321,292)	314,156
Due to/from South Huron Hospital Association	(45,329)	14,081
	(366,621)	328,237
Increase (decrease) in cash	(19,371)	(319,317)
Cash, beginning of year	316,550	635,867
Cash, end of year	\$ 297,179	\$ 316,550

**SOUTH HURON HOSPITAL FOUNDATION
(A REGISTERED PUBLIC FOUNDATION)
NOTES TO FINANCIAL STATEMENTS**

For the Year Ended March 31, 2021

1. Incorporation

The South Huron Hospital Foundation (“Foundation”) was incorporated under the laws of the Province of Ontario as a registered public foundation. The Foundation is a registered foundation under the Income Tax Act.

The purpose of the Foundation is to receive and maintain a fund or funds and to apply from time to time all or part thereof for charitable purposes carried on by, in connection with, in relation to, for the benefit of or to enhance or improve the health care services in the area serviced by the South Huron Hospital and to do all such things as are incidental or conducive to the attainment of these objectives. The Foundation is managed and controlled independent of the Hospital.

The financial statements of the Foundation are the representation of management prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared using the accrual method of accounting using the restricted fund method of accounting. Under the restricted fund method of accounting, there are no deferred contributions in a restricted fund; all contributions are taken into revenue in the current period.

Investments

The Foundation has classified all stocks and bonds as available-for-sale which are carried at fair value. Bank guaranteed investment certificates are classified as held-to-maturity and are carried at cost. A write down of the carrying amount of held-to-maturity investments is charged against income when evidence indicates a permanent decline in the underlying value and earning power of an investment. Gains and losses on disposal of held-to-maturity investments are determined on a completed transaction basis.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. Investments

Investments consist of negotiable federal and provincial government securities and corporate bonds and equities as follows:

	<u>2021</u>		<u>2020</u>	
	cost	market value	cost	market value
Cash	296,066	296,067	256,304	256,304
Fixed income	739,408	746,833	700,456	609,342
Equities	<u>416,225</u>	<u>533,254</u>	<u>392,348</u>	<u>400,084</u>
	<u>\$ 1,451,699</u>	<u>\$ 1,576,154</u>	<u>\$ 1,349,108</u>	<u>\$ 1,265,730</u>

The investment portfolio is managed by an arm’s length professional manager.

**SOUTH HURON HOSPITAL FOUNDATION
(A REGISTERED PUBLIC FOUNDATION)
NOTES TO THE FINANCIAL STATEMENTS**

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For the Year Ended March 31, 2021

4. Financial instruments

The Foundation's financial instruments consist of cash and investments. It is management's opinion that the Foundation is not exposed to significant interest and credit risks arising from these financial instruments. The fair value of the financial instruments approximates their carrying amount.

5. Financial impact of COVID-19 pandemic

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. Subsequently, the Province of Ontario issued a state of emergency limiting the number of people in a gathering and requiring rolling closures and lockdowns of non-essential business for an indeterminate period of time. The dynamic nature of the COVID-19 crisis makes it impossible to predict the impact this will have on the organization's operations, cash flows and financial position. The Board of Directors and management will continue to monitor the situation and reflect the impact in the financial statements as appropriate.