

Ross Memorial Hospital Foundation

Financial Statements

For the year ended March 31, 2022

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Independent Auditor's Report

To the Members of the Ross Memorial Hospital Foundation

Qualified Opinion

We have audited the financial statements of the Ross Memorial Hospital Foundation (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and changes in cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible 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 Organization as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

The Organization derives revenue from 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and special events revenue, excess of expenses over revenues, and cash flows from operations for the year ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021 and net assets as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 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 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 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 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 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Lindsay, Ontario

June 23, 2022

**Ross Memorial Hospital Foundation
Statement of Financial Position**

March 31 2022 2021

Assets

Current assets

Cash and cash equivalents	\$ 2,626,392	\$ 2,907,376
Accounts receivable	23,805	14,535

	2,650,197	2,921,911
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Investments (Note 3)	2,224,786	2,496,017
Property plant and equipment	7,561	10,487

	\$ 4,882,544	\$ 5,428,415
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Liabilities and Net Assets

Current liabilities

Accounts payable and accrued liabilities	\$ 91,540	\$ 72,760
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Net assets

Restricted for endowments	892,242	897,043
Restricted for income stabilization and future capital	1,000,000	1,000,000
Restricted for working capital fund	250,000	250,000
Restricted for equipment and education	837,816	1,029,158
Unrestricted	1,810,946	2,179,454

	4,791,004	5,355,655
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	\$ 4,882,544	\$ 5,428,415
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On behalf of the Board

 <hr style="border: 0.5px solid black;"/>	Director
 <hr style="border: 0.5px solid black;"/>	Director

Ross Memorial Hospital Foundation Statement of Operations

For the year ended March 31	2022	2021
Revenue		
Donations and special events	\$ 3,955,739	\$ 1,441,060
Investment income (Note 3) - realized	157,376	695,746
- unrealized	(128,226)	46,561
	3,984,889	2,183,367
Expenditures		
Amortization	2,926	2,926
Audit, legal and professional services	345,218	101,298
Association and membership dues	4,515	2,695
Board and staff development	9,887	3,505
Computer and office supplies	39,941	25,258
Donor recognition	2,603	379
Insurance - general	2,400	2,400
- future gift premiums	146	-
Administrative fees - investments (Note 3)	26,763	34,876
Printing and public relations	55,474	54,785
Postage	32,535	31,536
Rental - office space	5,000	5,000
Salaries and benefits	442,666	443,092
	970,074	707,750
Net available for distribution	3,014,815	1,475,617
Donations to the Ross Memorial Hospital	3,579,466	4,747,111
Undistributed surplus (use of prior years' surplus) in the year	\$ (564,651)	\$ (3,271,494)
Allocation of undistributed surplus / use of prior years' surplus in the year		
Restricted for equipment and education	\$ (306,599)	\$ (2,264,230)
Unrestricted	(253,251)	(1,007,264)
Endowment	(4,801)	-
	\$ (564,651)	\$ (3,271,494)

See Supplemental Fund Information for allocation of excess expenses over revenue by fund (page 12).

Ross Memorial Hospital Foundation Statement of Changes in Net Assets

March 31, 2022

	Net Assets March 31, 2021	Excess of expenses over revenue	Transfer	Net Assets March 31, 2022
Unrestricted	\$ 2,179,454	\$ (253,251)	(115,257)	\$ 1,810,946
Restricted (Note 1)				
Endowments	897,043	(4,801)	-	892,242
Stabilization and future capital	1,000,000	-	-	1,000,000
Working capital	250,000	-	-	250,000
Equipment and education	1,029,158	(306,599)	115,257	837,816
Balance, end of year	\$ 5,355,655	\$ (564,651)	-	\$ 4,791,004

Ross Memorial Hospital Foundation Statement of Changes in Cash Flows

For the year ended March 31	2022	2021
Cash provided by (used for)		
Operating activities		
Surplus / (use of prior years' surplus) in the year	\$ (564,651)	\$ (3,271,494)
Donor contribution to investments	(118,969)	-
Items not involving cash		
Amortization	2,926	2,926
Unrealized fair market value (gain) loss on investments (Note 3)	128,226	(46,561)
Realized gain on investments (Note 3)	(95,233)	(563,662)
	(647,701)	(3,878,791)
Change in non-cash working capital balances		
Accounts payable and accrued liabilities	18,781	20,245
Accounts receivable	(9,270)	5,907
	(638,190)	(3,852,639)
Investing activities		
Purchase of investments	-	(127,484)
Redemption of investments	357,206	3,229,050
	357,206	3,101,566
Increase (Decrease) in cash	(280,984)	(751,073)
Cash - beginning of year	2,907,376	3,658,449
Cash - end of year	\$ 2,626,392	\$ 2,907,376

Ross Memorial Hospital Foundation

Notes to Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies

Nature of Business	<p>The Ross Memorial Hospital Foundation was incorporated without share capital by Letters Patent dated January 3, 1989. The Foundation is a charitable organization whose purpose is to raise and administer monies for the capital projects of The Ross Memorial Hospital in Lindsay, Ontario. The foundation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p> <p>The foundation follows the restricted fund method of accounting for contributions.</p> <p>Unrestricted Fund This accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources.</p> <p>There are various restricted funds which report the applicable restricted resources and expenses.</p> <p>Endowment Fund All of the net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the principal be maintained intact. Investment income earned on the assets is expended in accordance with the endowment agreements.</p> <p>Income stabilization and future capital and working capital funds The Board of Directors established a fund to provide for long term needs of the organization. The funds are restricted in their use as determined by the Board.</p> <p>Equipment and Education Fund Capital campaigns and donor designated funds are to be used as directed by the donor. Rather than establishing a separate fund for each specified item, all such specified donations will be allocated to this fund.</p>
Revenue Recognition	<p>Donations 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>Contributions received relating to fundraising events to be held after the fiscal year-end are deferred and recognized on completion of the specific fundraising event.</p> <p>The amount of any pledges to donate funds to the Foundation are not included in revenue until such time as funds are received.</p> <p>Investment income is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p>

Ross Memorial Hospital Foundation

Notes to Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies (con't)

Financial Instruments	<p>Financial instruments are recorded at fair value when acquired or issued.</p> <p>In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.</p>						
Donated Securities	<p>Donated securities are recorded in the financial statements at fair market value of the securities when received.</p> <p>In subsequent periods, donated securities are reported at fair value, with any unrealized gains and losses reported in operations.</p>						
Property, Plant and Equipment	<p>Property, Plant and Equipment are recorded at cost. Amortization based on the estimated useful life of the asset is calculated as follows:</p> <table><tr><td>Office equipment</td><td>5 year straight line basis</td></tr><tr><td>Office furniture</td><td>5 year straight line basis</td></tr><tr><td>Leasehold improvements</td><td>2 year straight line basis</td></tr></table>	Office equipment	5 year straight line basis	Office furniture	5 year straight line basis	Leasehold improvements	2 year straight line basis
Office equipment	5 year straight line basis						
Office furniture	5 year straight line basis						
Leasehold improvements	2 year straight line basis						
Contributed Services	<p>Volunteers contribute many hours per year to assist the organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p>						
Pension Plan	<p>The Foundation is also an employer member of the Healthcare of Ontario Pension Plan (the "plan"), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Foundation has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. (Note 5)</p>						

Ross Memorial Hospital Foundation

Notes to Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies (con't)

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates included in these financial statements include amortization of property, plant and equipment referred to above

2. Financial Instrument Risk

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 credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

The organization is exposed to credit risk arising from holding the bank account at one financial institution, therefore the balance over the \$100,000 threshold insured by the Canada Deposit Insurance Company is not covered.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk and other price 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 holds investments in bond funds, which are exposed to interest rate risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through fluctuations in equity markets on its long-term investments and pending sales of donated securities.

Ross Memorial Hospital Foundation Notes to Financial Statements

March 31, 2022

3. Investments

The carrying values of bonds and equities by issuer as at March 31 are shown on the following table. For 2022, The carrying values are equal to their fair values. The maximum exposure to credit risk would be the fair values shown below.

	2022	2021
Long-term		
Fixed income investments, matured in the year	\$ -	\$ 251,100
JF Global Balanced Fund	1,734,484	1,737,127
JF Short/Mid Bond Fund	486,892	507,790
Equities	3,410	-
	\$ 2,224,786	\$ 2,496,017
Composition:		
Restricted for endowments	\$ 820,264	\$ 860,266
Unrestricted and internally restricted	\$ 1,404,522	\$ 1,635,751

The JF funds are Jarislowsky Fraser pooled fund units invested in Canadian and Global equities and are subject to stock market fluctuations. Mutual funds are valued at reported unit market values.

Ross Memorial Hospital Foundation's Board of Directors has established an investment policy to provide effective stewardship of funds donated to the Foundation. The objective of the portfolio is to provide long-term growth in balance with current income to preserve future purchasing power. The funds are invested with a professional investment management firm responsible for complying with the Foundation's policy and objectives. Copies of the investment policy are available from the Foundation office on request.

	2022	2021
Interest income	\$ 62,143	\$ 132,084
Realized gain (loss) on sale of investments	95,233	563,662
	157,376	695,746
Change in unrealized gain (loss) on investments	(128,226)	46,561
Management fee	(26,763)	(34,876)
	\$ 2,387	\$ 707,431

Ross Memorial Hospital Foundation Notes to Financial Statements

March 31, 2022

4. Related Party Transactions

The Ross Memorial Hospital Foundation is related to the Ross Memorial Hospital Auxiliary and the Ross Memorial Hospital.

All transactions with related parties are recorded at the exchange amount.

During the year, the Hospital provided various administrative and payroll services to the Foundation. Total reimbursements amounted to \$459,566 (2021 - \$456,161) in the year. At March 31, 2022 trade payables to the Hospital totaling \$43,345 (2021 - \$39,139) were outstanding to be paid.

During the year, the Foundation received donations totaling \$35,000 (2021 - \$150,000) from the Auxiliary.

5. Pension Plan

The Healthcare of Ontario Pension Plan (HOOPP) provides services to more than 419,627 active and retired members and approximately 624 employers. All full time and certain part-time employees of the Foundation are associate members of the Healthcare of Ontario Pension Plan. The plan is a multi-employer plan and therefore the Foundation's contributions are accounted for as if the plan were a defined contribution plan with the Foundation's contributions being expensed in the period they come due.

Each year, an independent actuary determines the funding status of HOOPP by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The results of the most recent valuation as at December 31, 2021 disclosed a surplus of \$28 billion. The results of this valuation disclosed total actuarial liabilities and pension obligations of \$189 billion in respect of benefits accrued for service with actuarial assets at that date of \$217 billion.

Because HOOPP is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario member organizations and their employees. As a result, the organization does not recognize any share of the HOOPP surplus or deficit. Employer contributions to the Plan during the year by the Foundation and employees amounted to \$57,673 (2021 - \$54,552).

6. Contributed Services

During the year the organization had approximately 70 volunteers that contributed about 1,721 hours per year to assist the organization in carrying out its activities.

7. Comparative Balances

The comparative balances presented in the financial statements have been restated to conform to the current year's presentation.

**Ross Memorial Hospital Foundation
Supplemental Fund Information**

March 31, 2022

	Restricted Equipment and Education	Restricted for Endowment	Unrestricted	2022
Revenue				
Donations	\$ 3,246,966	\$ -	\$ 708,773	\$ 3,955,739
Realized investment income	(1,899)	45,647	113,628	157,376
Unrealized investment income	-	(50,448)	(77,778)	(128,226)
	<u>3,245,067</u>	<u>(4,801)</u>	<u>744,623</u>	<u>3,984,889</u>
Expenses and Donations				
Total expenses	-	-	970,074	970,074
Donations to Ross Memorial Hospital	3,551,666	-	27,800	3,579,466
	<u>3,551,666</u>	<u>-</u>	<u>997,874</u>	<u>4,549,540</u>
Excess of expenses over revenue	<u>\$ (306,599)</u>	<u>\$ (4,801)</u>	<u>\$ (253,251)</u>	<u>\$ (564,651)</u>