

WOODSTOCK HOSPITAL FOUNDATION

**FINANCIAL STATEMENTS
(Audited)**

YEAR ENDED DECEMBER 31, 2020

**WOODSTOCK HOSPITAL FOUNDATION
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YEAR ENDED DECEMBER 31, 2020**

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INDEPENDENT AUDITORS' REPORT

To the Members,
Woodstock Hospital Foundation

Qualified Opinion

We have audited the financial statements of the Woodstock Hospital Foundation, which comprise the statement of financial position as at December 31, 2020, and the statements of operations and changes in net assets 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 paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Woodstock Hospital Foundation as at December 31, 2020, and the results of operations and its cash flows for the period then ended in accordance with Canadian Accounting Standards for Not-for-Profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many non-profit organizations, the Woodstock Hospital Foundation derives revenue from both donation and fundraising contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Woodstock Hospital Foundation and as such we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenditures, current assets and fund balances.

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 Woodstock 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 ASNPO, 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 Woodstock 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 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 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:

- 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.

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.



MICACCHI WARNICK & COMPANY
Professional Corporation | Chartered Professional
Accountants

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

Woodstock, Ontario
February 16, 2021

WOODSTOCK HOSPITAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020
(Audited)

	ASSETS	
	<u>2020</u>	<u>2019</u>
Current		
Cash (note 3)	\$ 993,445	\$ 2,162,593
Accounts receivable	11,066	4,415
HST recoverable	<u>12,282</u>	<u>15,815</u>
	<u>1,016,793</u>	<u>2,182,823</u>
Investments (note 4)	<u>16,520,774</u>	<u>14,398,954</u>
Capital assets (note 6)	<u>74,877</u>	<u>70,609</u>
Other		
CSV of life insurance policies (note 7)	590,652	574,314
Collections (note 8)	<u>56,469</u>	<u>49,019</u>
	<u>647,121</u>	<u>623,333</u>
	<u>\$ 18,259,565</u>	<u>\$ 17,275,719</u>
LIABILITIES		
Current		
Due to Woodstock General Hospital Trust (note 9)	\$ 51,175	\$ 55,741
Accounts payable and accrued liabilities	<u>10,236</u>	<u>8,159</u>
	<u>61,411</u>	<u>63,900</u>
NET ASSETS		
General fund (page 5)	16,665,151	15,800,906
Restricted fund (page 5)	<u>1,533,003</u>	<u>1,410,913</u>
Total net assets	<u>18,198,154</u>	<u>17,211,819</u>
	<u>\$ 18,259,565</u>	<u>\$ 17,275,719</u>

Approved by the board:

Director: _____

Director: _____

WOODSTOCK HOSPITAL FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2020
(Audited)

	General Fund		Restricted Fund		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Bequests	\$ 182,280	\$ 835,018	\$ -	\$ -	\$ 182,280	\$ 835,018
Contributions	354,516	616,965	726,431	620,219	1,080,947	1,237,184
Lifeline rentals	334,331	317,351	-	-	334,331	317,351
Investment income (note 5)	581,748	989,069	-	-	581,748	989,069
	1,452,875	2,758,403	726,431	620,219	2,179,306	3,378,622
Expenses						
Advertising and promotion	18,990	23,280	-	-	18,990	23,280
Amortization	22,170	24,094	-	-	22,170	24,094
Campaign and events	76,199	10,829	60,465	59,790	136,664	70,619
Office	29,996	27,615	-	-	29,996	27,615
Miscellaneous	10,320	19,310	-	-	10,320	19,310
Salaries and wages	166,987	161,110	-	-	166,987	161,110
Lifeline	263,968	255,310	-	-	263,968	255,310
	588,630	521,548	60,465	59,790	649,095	581,338
Funds available for distribution	864,245	2,236,855	665,966	560,429	1,530,211	2,797,284
Less: Contributions to Woodstock General Hospital Trust (note 9)	-	-	(543,876)	(145,849)	(543,876)	(145,849)
Excess (deficiency) of revenues over expenses	864,245	2,236,855	122,090	414,580	986,335	2,651,435
Fund balances, beginning of year	15,800,906	13,564,051	1,410,913	996,333	17,211,819	14,560,384
Fund balances, end of year	\$ 16,665,151	\$ 15,800,906	\$ 1,533,003	\$ 1,410,913	\$ 18,198,154	\$ 17,211,819

WOODSTOCK HOSPITAL FOUNDATION
STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2020
(Audited)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Excess of revenues over expenses	\$ 986,335	\$ 2,651,435
Non-cash items:		
Amortization	22,170	24,094
Unrealized (gain) loss on CSV of life insurance policies	(16,338)	(16,300)
Realized (gain) loss on investments	<u>(185,024)</u>	<u>44,886</u>
	807,143	2,704,115
Changes in non-cash working capital		
Accounts receivable	(6,651)	2,567
HST recoverable	3,533	(3,120)
Prepaid expenses	-	3,472
Due to Woodstock General Hospital Trust	(4,566)	16,871
Accounts payable and accrued liabilities	<u>2,077</u>	<u>(1,384)</u>
	<u>801,536</u>	<u>2,722,521</u>
Cash flows from investing activities		
Purchase of capital assets	(26,438)	(16,274)
Net (increase) decrease in collections	(7,450)	(1,091)
Net (increase) decrease in investments	<u>(1,936,796)</u>	<u>(1,356,691)</u>
	<u>(1,970,684)</u>	<u>(1,374,056)</u>
Net increase (decrease) in cash	(1,169,148)	1,348,465
Cash at beginning of year	<u>2,162,593</u>	<u>814,128</u>
Cash at end of year	<u>\$ 993,445</u>	<u>\$ 2,162,593</u>

WOODSTOCK HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Audited)

1. Purpose of organization

The Woodstock Hospital Foundation (the "Foundation") is incorporated under the laws of Ontario as a corporation without share capital. The Foundation receives, accumulates and distributes funds and the income for the benefit of the Woodstock General Hospital Trust.

The Foundation is a public foundation registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. To maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. Significant accounting policies

The accounting policies of Woodstock Hospital Foundation ("the Foundation") are in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant.

Fund Accounting

To ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of "fund accounting". 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. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers may be necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded as a component of changes in fund balances.

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

General Fund

The General Fund accounts for the Foundation's general fundraising, receiving of grants and administrative activities. The General Fund reports unrestricted resources available for immediate purposes.

Restricted Fund

The Restricted Fund consists of funds that have been externally restricted by donors. The purpose of the Restricted Fund is to distribute, as specified, donor requested contributions and to fund costs associated with the fundraising events that generate any donor restricted contributions. The costs include fundraising costs and any directly related office expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits held in bank accounts. Cash and investments meeting the definition of cash and cash equivalents that are held for investing rather than liquidity purposes are classified as investments.

WOODSTOCK HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Audited)

2. Significant accounting policies (continued)

Revenue Recognition

- i) Donor restricted contributions are recognized as revenue of the restricted fund when received.
- ii) Interest and dividend income, and operating expenses are recorded as earned or incurred.
- iii) Unrestricted contributions are recognized as revenue of the General Fund. Contributions are recognized in revenue when received or receivable.
- iv) Life insurance policies that have named the Foundation as owner/beneficiary are recorded at the cash surrender value of the policy. The increase in cash surrender value from year to year is recorded as investment income to the General Fund.
- v) Pledges are recorded on a cash basis as they are not legally enforceable claims.

Investments

The investments are presented at their fair values using quoted market prices as at December 31, 2020. Interest, dividends, realized and unrealized gains are recorded as investment income and included in net income for the year. Investment income is allocated to the General fund. In years prior to 2018, the investment income was allocated between the General and Restricted funds based on the respective percentage of the fund's share of the opening fund balance for the year.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Lifeline equipment is amortized using the straight-line method over a period of seven years.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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 these estimates.

Contributed materials and services

Because of the difficulty of determining their fair value, contributed materials and services, other than donated artwork, are not recognized in the financial statements.

Collections

Donated works of art are measured at fair value at the date of contribution plus all costs directly attributable to the acquisition of the collection items. Fair value is estimated at the date of contribution using market or appraisal values.

WOODSTOCK HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Audited)

2. Significant accounting policies (continued)

Allocation of expenses

Direct fundraising expenses represent expenses and costs of any personnel that are directly related to these activities. No costs of personnel in general fundraising or administrative expenses are included in these balances. General fundraising and administrative expenses are not allocated to the Restricted fund. In years prior to 2018, the general fundraising and administrative expenses were allocated to the Restricted fund based on an estimate by management of personnel time.

3. Cash

Cash consists of four accounts held at Scotiabank that yield interest at 0.7% and one operating account held at Scotiabank that yields no interest.

4. Investments

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Cash	\$ 43,963	\$ 43,963	\$ 213,294	\$ 213,294
Accrued interest and dividends	30,290	30,290	43,889	43,889
Guaranteed investment certificates	667,000	667,000	3,533,500	3,552,468
Equities	3,544,959	3,546,060	2,093,008	1,966,295
Mutual funds	<u>11,870,560</u>	<u>12,233,461</u>	<u>8,035,669</u>	<u>8,623,008</u>
	<u>\$ 16,156,772</u>	<u>\$ 16,520,774</u>	<u>\$ 13,919,360</u>	<u>\$ 14,398,954</u>

The guaranteed investment certificates (GICs) consist of GICs yielding interest from 2.3% to 2.4%, and maturing within one year.

5. Investment income

	<u>2020</u>	<u>2019</u>
Investment income net of management fees	\$ 380,386	\$ 1,017,655
Realized gains (losses)	185,024	(44,886)
Unrealized gains on CSV of life insurance policy	<u>16,338</u>	<u>16,300</u>
	<u>\$ 581,748</u>	<u>\$ 989,069</u>

WOODSTOCK HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Audited)

6. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2020</u>	<u>Net 2019</u>
Lifeline equipment	\$ <u>368,549</u>	\$ <u>293,672</u>	\$ <u>74,877</u>	\$ <u>70,609</u>

7. Cash surrender value of life insurance policies

The existing life insurance policies at December 31, 2020 have a value upon the death of the insured totalling \$1,065,000 (2019 - \$1,065,000).

8. Collections

The collection of works of art consists of donated paintings. During 2020 the foundation was gifted three paintings valued at \$7,450 (2019 - six paintings valued at \$1,091).

9. Related Party Transactions

The Woodstock General Hospital is related to the Woodstock Hospital Foundation. The foundation has the following transactions with the Woodstock General Hospital:

Due to Woodstock General Hospital Trust

This amount represents expenses paid by the Woodstock General Hospital Trust on behalf of the Foundation and not yet repaid at year-end.

Contributions to Woodstock General Hospital Trust

During the year the Foundation transferred funds to the Woodstock General Hospital Trust subject to restrictions provided by the donors. Amount contributed to the Woodstock General Hospital Trust included funds to purchase new equipment for the hospital.

10. Pledges receivable

At December 31, 2020 the Foundation has receive pledges from one donor totaling approximately \$906,500 (2019 - \$8,500). Theses pledges have not been recorded in the accompanying financial statements as outlined in note 2.

11. Financial instruments

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the organization's risk exposure as at the year then ended.

(i) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

WOODSTOCK HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Audited)

11. Financial instruments (continued)

(ii) 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's main credit risks relate to its accounts receivable. The organization maintains an allowance for doubtful accounts, and any losses to date have been within management's expectations.

(iii) 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 market risk on its cash balances and investments.

(iv) 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 interest rate exposure of the organization arises from its interest bearing assets.

There have been no significant change in these risks from the prior period.

12. Comparative figures

Certain amounts in the prior year financial statements have been reclassified to conform with the financial statement presentation adopted in the current year.