

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**

**Financial Statements**

**Year Ended March 31, 2021**

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Index to Financial Statements**  
**Year Ended March 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

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To the Directors of Strathroy Middlesex General Hospital Foundation

*Qualified Opinion*

We have audited the financial statements of Strathroy Middlesex General Hospital Foundation (the Foundation), which comprise the statement of financial position as at March 31, 2021, and the statements of changes in net assets, operations 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* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2021, 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 Qualified Opinion*

In common with many not-for-profit organizations, the Foundation 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2021, current assets and net assets as at March 31, 2021. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation of 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 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 qualified audit opinion.

*Other Matter*

The financial statements of the Foundation for the year ended March 31, 2020 were audited by another auditor who expressed a qualified opinion on those financial statements on August 24, 2020 for the reasons described in the *Basis for Qualified Opinion* section.

(continues)

*James B. MacNeill FCPA, FCA, CFP    Jeremy A. Giles CPA, CA    Lissa Savage CPA, CA*  
*Mark Snyders CPA, CA    Robert F. Edmundson CPA, CA (Retired)*

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**INDEPENDENT AUDITOR'S REPORT** *(continued)*

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*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 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 Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

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*James B. MacNeill FCPA, FCA, CFP    Jeremy A. Giles CPA, CA    Lissa Savage CPA, CA*  
*Mark Snyders CPA, CA    Robert F. Edmundson CPA, CA (Retired)*

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**INDEPENDENT AUDITOR'S REPORT** *(continued)*

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*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 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 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 Foundation 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.

London, Ontario  
July 7, 2021

*MacNeill Edmundson*  
PROFESSIONAL CORPORATION  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Authorized to practise public accounting by  
the Chartered Professional Accountants of Ontario

*James B. MacNeill FCPA, FCA, CFP    Jeremy A. Giles CPA, CA    Lissa Savage CPA, CA*  
*Mark Snyders CPA, CA    Robert F. Edmundson CPA, CA (Retired)*

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Statement of Financial Position**  
**March 31, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 641,346	\$ 362,794
Marketable securities (Note 4)	3,031,309	1,684,891
Accounts receivable	42,979	8,268
Promissory note receivable (Note 8)	53,818	-
Harmonized sales tax recoverable	22,706	43,181
Prepaid expenses	-	17,565
	<u>3,792,158</u>	2,116,699
CAPITAL ASSETS (Note 2)	42,530	51,327
PROMISSORY NOTE RECEIVABLE (Note 8)	484,367	-
LONG TERM INVESTMENTS (Note 8)	-	247,693
DUE FROM RELATED PARTIES (Note 8)	12,148	232,338
	<u>\$ 4,331,203</u>	<u>\$ 2,648,057</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 180,525	\$ 439,983
Deferred income	40,000	-
	<u>220,525</u>	439,983
LONG TERM DEBT (Note 10)	40,000	-
	<u>260,525</u>	439,983
<b>NET ASSETS</b>		
Unrestricted	2,570,953	960,859
Endowments (Note 6)	1,499,725	1,247,215
	<u>4,070,678</u>	2,208,074
	<u>\$ 4,331,203</u>	<u>\$ 2,648,057</u>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2021**

	Unrestricted	Endowments	<b>2021</b>	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 960,859	\$ 1,247,215	<b>\$ 2,208,074</b>	\$ 2,003,466
EXCESS OF REVENUES OVER EXPENSES	1,610,094	-	<b>1,610,094</b>	202,458
CONTRIBUTIONS	-	252,510	<b>252,510</b>	2,150
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,570,953</b>	<b>\$ 1,499,725</b>	<b>\$ 4,070,678</b>	<b>\$ 2,208,074</b>

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Statement of Operations**  
**Year Ended March 31, 2021**

	2021	2020
<b>REVENUES</b>		
Philanthropic revenue	\$ 1,901,367	\$ 1,994,043
Dividend income	29,280	19,620
Interest income	16,155	24,626
Social enterprise revenue	-	415,675
	<u>1,946,802</u>	<u>2,453,964</u>
<b>EXPENSES</b>		
Salaries and benefits	301,140	439,966
Fundraising	134,412	103,001
Administration and office	61,192	79,810
Professional fees	40,815	43,617
Amortization	14,440	17,800
Travel, education and governance	11,062	17,659
Social enterprise (recovery)	(2,250)	202,493
	<u>560,811</u>	<u>904,346</u>
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<u>1,385,991</u>	<u>1,549,618</u>
<b>OTHER INCOME</b>		
Unrealized gain (loss) on marketable securities	422,228	(146,041)
Gain on disposal of 2518153 Ontario Inc. shares (Note 8)	331,788	-
Canada Emergency Wage Subsidy	167,036	-
2518153 Ontario Inc. equity (Note 8)	66,208	13,866
Forgivable portion of CEBA loan	20,000	-
Gain on sale of marketable securities	1,563	3,834
	<u>1,008,823</u>	<u>(128,341)</u>
	2,394,814	1,421,277
<b>OTHER EXPENSES</b>		
Donation to Strathroy Middlesex General Hospital	784,720	1,218,819
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 1,610,094</u>	<u>\$ 202,458</u>



**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Statement of Cash Flows**  
**Year Ended March 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 1,610,094	\$ 202,458
Items not affecting cash:		
Amortization of capital assets	14,440	17,800
Gain on disposal of investments	(1,563)	(3,834)
Change in unrealized gain of marketable securities	(422,228)	146,041
Gain on disposal of 2518153 Ontario Inc. shares	(331,788)	-
Investment income from wholly owned subsidiary	(66,208)	(13,866)
Gifts in kind	(603,621)	(554,650)
Forgivable portion of CEBA loan	(20,000)	-
	<u>179,126</u>	<u>(206,051)</u>
Changes in non-cash working capital:		
Accounts receivable	(34,711)	20,568
Interest receivable	-	1,938
Accounts payable and accrued liabilities	(259,458)	408,502
Deferred income	40,000	(15,820)
Prepaid expenses	17,565	(16,215)
Harmonized sales tax payable	20,475	28,888
	<u>(216,129)</u>	<u>427,861</u>
Cash flow from (used by) operating activities	<u>(37,003)</u>	<u>221,810</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(5,643)	(56,642)
Increase in endowments	252,510	2,151
Purchase of short term investments	(1,515,293)	(1,009,616)
Disposal of short term investments	1,196,286	999,950
Purchase (repayment) of investment in 2518153 Ontario Limited	107,505	(19,680)
Advances from (to) related party	-	(99,857)
Cash flow from (used by) investing activities	<u>35,365</u>	<u>(183,694)</u>
<b>FINANCING ACTIVITIES</b>		
Payments received on mortgages receivable	220,190	5,631
Proceeds from long term financing	60,000	-
Cash flow from financing activities	<u>280,190</u>	<u>5,631</u>
<b>INCREASE IN CASH FLOW</b>	<b>278,552</b>	<b>43,747</b>
Cash - beginning of year	<u>362,794</u>	<u>319,047</u>
<b>CASH - END OF YEAR</b>	<b>\$ 641,346</b>	<b>\$ 362,794</b>

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

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PURPOSE OF THE FOUNDATION

The Strathroy Middlesex General Hospital Foundation, a non-profit charitable organization within the meaning of the *Income Tax Act* was incorporated in Ontario without share capital on July 25, 1988. The Foundation generates revenue through fund raising and management of its investments to enhance or improve the services provided by or the facilities of Strathroy Middlesex General Hospital.

The Foundation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Revenue from investments is recognized as it is earned.

The Foundation does not record pledges or bequest receivables, as collection cannot be reasonably assured.

The Foundation records endowment contributions as an increase in net assets.

Contributed materials and services

Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

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**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Equipment	5 years	straight-line method
Computer equipment	3 years	straight-line method
Televisions	5 years	straight-line method

The Foundation regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Life insurance premiums

The Foundation records life insurance premiums as revenue and a corresponding expense in the year incurred.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. 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 and guaranteed investment certificates 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 or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Controlled Entities

Controlled profit-oriented enterprises are accounted for by the equity method in the Foundation's financial statements.

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**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

2. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Equipment	\$ 106,359	\$ 104,193	\$ 2,166	\$ 2,785
Computer equipment	176,776	166,265	10,511	10,159
Televisions	42,647	12,794	29,853	38,383
	<u>\$ 325,782</u>	<u>\$ 283,252</u>	<u>\$ 42,530</u>	<u>\$ 51,327</u>

3. PLEDGES RECEIVABLE

The Foundation has pledges receivable in the amount of \$1,056,561 (2020 - \$1,468,965) at the end of the year. These pledges consist of signed agreements to donate specific amounts over an agreed upon timeframe. Pledges receivable have not been reflected in the financial statements as collection of them cannot be reasonably assured.

4. MARKETABLE SECURITIES

	2021 Cost	2021 Market value	2020 Cost	2020 Market value
Cash and equivalents	\$ 5,745	\$ 5,745	\$ 4,789	\$ 4,789
Fixed income	424,499	438,206	495,244	497,671
Equities and mutual funds	1,940,896	2,587,358	1,263,747	1,182,431
	<u>\$ 2,371,140</u>	<u>\$ 3,031,309</u>	<u>\$ 1,763,780</u>	<u>\$ 1,684,891</u>

5. MARKETABLE SECURITIES

	2021	2020
<b>Market Value of Investments by Type</b>		
Reserve investments	\$ 444,318	\$ 253,833
Restricted investments	1,115,790	429,791
Endowments	1,471,201	1,001,267
	<u>\$ 3,031,309</u>	<u>\$ 1,684,891</u>

The restricted investments are held by the Foundation relating to the capital campaign. Once these construction projects have commenced the funds will be released to the Strathroy Middlesex General Hospital.

See note 6. for descriptions of the endowments held by the Foundation.

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

6. ENDOWMENTS

	<b>2021</b>	2020
Eastman Endowment	<b>\$ 919,095</b>	\$ 919,095
Sharpe Endowment (to purchase patient care equipment)	<b>127,500</b>	127,500
Crowley/Doan Endowment (to fund the education and recruitment of medical professionals)	<b>180,529</b>	128,019
Mary Trudell Endowment (breast health education)	<b>41,770</b>	41,770
Mary Wright Endowment (bursaries for hospital staff and physicians pursuing continuing education)	<b>30,831</b>	30,831
Anonymous Endowment (Diagnostic Services)	<b>200,000</b>	-
	<b><u>\$ 1,499,725</u></b>	<b><u>\$ 1,247,215</u></b>

The above endowments have been received by the Foundation. If a restriction is imposed on how the income earned can be spent, it has been noted, otherwise, the earned income is unrestricted. The earned income is included in the net investment income on the statement of operations.

7. Pension Plan

Substantially all of the full-time employees are members of the Healthcare of Ontario Pension Plan (HOOPP), a multi-employer pension plan. HOOPP is a defined benefit plan that specifies the amount of retirement benefits to be received by the employees based on the length of service and rates of pay. There is not sufficient information available to use defined benefit accounting, therefore, the organization accounts for the plan as if it were a defined contribution plan. HOOPP reconciles contributions annually for the Foundation. As of March 31, 2021 the Foundation is not in a deficit for payments. Contributions to the plan made during the year by the Foundation on behalf of these employees amounted to \$30,254 (2020 - \$28,621) and are included in salaries and benefits in the statement of operations.

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

8. INVESTMENT IN CONTROLLED ENTITY

The Foundation controls a wholly-owned subsidiary, 2518153 Ontario Inc. The corporation owned 420 Carrie Street, Strathroy, Ontario (sold during fiscal 2021) and rented the house located on the property residentially. The corporation also runs the Social Enterprise businesses.

During the year there were management fees received of \$134,997 (2020 - \$26,112) from the corporation. There was interest charged on the outstanding advances to the corporation of \$nil (2020 - \$78). The loan is unsecured with no fixed repayment terms. All related party transactions with the corporation are disclosed at the exchange amount (the amount agreed to by the related parties).

On December 31, 2019, there was an asset transfer from the Foundation to the corporation in exchange for shares in the corporation, including the transfer of capital assets at the net book value of \$108,149. On March 31, 2020, there was an asset transfer from the Foundation to the corporation in exchange for shares in the corporation, including the transfer of cash with a value of \$19,680. These transactions were recorded at their carrying amount.

The investment in the controlled entity is composed of the following:

	<b>2021</b>	2020
Advances to 2518153 Ontario Inc.	\$ -	\$ 107,505
Share capital	<b>127,929</b>	127,929
Accumulated surplus (deficit)	<b>78,513</b>	12,260
	<b>\$ 206,442</b>	\$ 247,694

Financial summaries of unconsolidated 2518153 Ontario Inc. as at March 31, 2021 for the year then ended and March 31, 2020 for the year then ended are as follows:

	<b>2021</b>	2020
<b>Financial Position</b>		
Total assets	<b>\$ 272,730</b>	\$ 494,029
Total liabilities	<b>66,333</b>	353,840
Total shareholder's equity (deficit)	<b>206,397</b>	140,189
Balance, end of year	<b>\$ 272,730</b>	\$ 494,029
<b>Results of Operations</b>		
Total revenues	<b>\$ 438,228</b>	\$ 132,594
Total expenses	<b>(363,538)</b>	(118,048)
Net income before income taxes	<b>\$ 74,690</b>	\$ 14,546

*(continues)*

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

8. INVESTMENT IN CONTROLLED ENTITY *(continued)*

**Cash Flows**

Cash from operations	\$ (58,005)	\$ 8,146
Cash used in investing activities	297,851	-
Cash used in financing activities	(272,876)	111,967
	-	-
 (Decrease) increase in cash	 <b>\$ (33,030)</b>	 <b>\$ 120,113</b>

The Foundation had a mortgage receivable due from 2518153 Ontario Inc. at the end of the year for \$nil (2020 - \$232,338). The mortgage was repaid during the year. \$5,617 (2020 - \$5,983) was received in interest income during the year.

The Foundation has a balance owing from 2518153 Ontario Inc. of \$12,148 as of March 31, 2021.

On March 31, 2021 the Foundation sold its shares in 2518153 Ontario Inc. to The SMGHF Trust for a promissory note with a principal value of \$538,185 that bears interest at prime plus 1% and is repayable over 10 years. The current portion of this promissory note receivable is \$53,818.

9. RELATED PARTY TRANSACTIONS

Strathroy Middlesex General Hospital exercises significant influence over Strathroy Middlesex General Hospital Foundation by virtue of its ability to appoint a member to the Foundation's board of directors.

Strathroy Middlesex General Hospital Foundation maintains an office in premises owned by Strathroy Middlesex General Hospital at an annual rental rate of \$10,961 (2020 - \$10,647). The rent expense is included in administration and office expense on the statement of operations.

Included in accounts payable is \$151,000 (2020 - \$411,877) due to Strathroy Middlesex General Hospital.

10. LONG TERM DEBT

During the year, the Foundation received the Canada Emergency Business Account loan with proceeds of \$60,000. If \$40,000 is repaid by December 31, 2022, \$20,000 of the loan is forgivable. The forgivable portion of the loan has been included in the Statement of Operations.

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

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11. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework in place to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration. There have been no significant change to the nature or concentration of these risks from the prior year, unless otherwise noted.

In the opinion of management, the company is not exposed to significant market, or other price risks arising from its financial instruments.

***Credit risk***

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk from donors.

***Liquidity risk***

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

***Currency risk***

Currency risk is the risk to the Foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is exposed to foreign currency exchange risk on the following items held in U.S. dollars (as expressed in Canadian dollars):

	<u>2021</u>	<u>2020</u>
Marketable securities	\$ 818,530	\$ 543,567

The Foundation does not use derivative instruments to reduce its exposure to foreign currency risk.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through the affect on the value of its fixed income denominated investments.



**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

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12. FINANCIAL IMPACT OF COVID-19

The outbreak of Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Foundation or its donors, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the Foundation's business, the continued spread of COVID-19 and the measures taken by the federal, provincial, and municipal governments to contain its impact could adversely impact the organization's business, financial condition or results of operations.

Specifically, the Foundation has so far experienced some decrease in philanthropic revenue due to an inability to hold in person fundraising events. To offset these revenue decreases, the Foundation has reviewed its expenses, and deferred or reduced those expenses where possible. The Foundation also has applied and continues to apply for the government programs and subsidies for which it qualifies.

The extent to which the COVID-19 outbreak impacts the Foundation's future financial results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

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13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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