

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**

**Financial Statements**

**Year Ended March 31, 2022**

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Index to Financial Statements**  
**Year Ended March 31, 2022**

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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, 2022, 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, 2022, 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, 2022, current assets and net assets as at March 31, 2022. 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 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.

### *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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*Jeremy A. Giles CPA, CA      Lissa Savage CPA, CA, CPA (Illinois)*

*Mark Snyders CPA, CA      Dillon O'Henly CPA, CA*

*James B. MacNeill FCPA, FCA, CFP (Counsel)      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 27, 2022

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

*Jeremy A. Giles CPA, CA      Lissa Savage CPA, CA, CPA (Illinois)*


*Mark Snyders CPA, CA      Dillon O'Henly CPA, CA*


*James B. MacNeill FCPA, FCA, CFP (Counsel)      Robert F. Edmundson CPA, CA (Retired)*

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Statement of Financial Position**  
**March 31, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 326,089	\$ 641,346
Marketable securities (Note 4)	6,728,493	3,031,309
Accounts receivable	43,335	42,979
Promissory note receivable (Note 8)	53,819	53,818
Harmonized sales tax recoverable	5,457	22,706
Prepaid expenses	10,621	-
	<u>7,167,814</u>	<u>3,792,158</u>
CAPITAL ASSETS (Note 2)	38,682	42,530
PROMISSORY NOTE RECEIVABLE (Note 8)	430,548	484,367
DUE FROM RELATED PARTIES	-	12,148
	<u>\$ 7,637,044</u>	<u>\$ 4,331,203</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 10,265	\$ 180,525
Deferred income	710,662	40,000
	<u>720,927</u>	<u>220,525</u>
LONG TERM DEBT (Note 10)	40,000	40,000
	<u>760,927</u>	<u>260,525</u>
<b>NET ASSETS</b>		
Unrestricted	3,346,109	2,570,953
Endowments (Note 6)	3,530,008	1,499,725
	<u>6,876,117</u>	<u>4,070,678</u>
	<u>\$ 7,637,044</u>	<u>\$ 4,331,203</u>

**ON BEHALF OF THE BOARD**

  
Janet Gibbons (Sep 28, 2022 10:44 EDT) Director

  
Mike McGuire (Sep 28, 2022 17:06 EDT) Director

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2022**

	Unrestricted	Endowments	<b>2022</b>	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 2,570,953	\$ 1,499,725	<b>\$ 4,070,678</b>	\$ 2,208,074
EXCESS OF REVENUES OVER EXPENSES	775,156	-	<b>775,156</b>	1,610,094
CONTRIBUTIONS	-	2,030,283	<b>2,030,283</b>	252,510
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,346,109</b>	<b>\$ 3,530,008</b>	<b>\$ 6,876,117</b>	<b>\$ 4,070,678</b>

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**

**Statement of Operations  
Year Ended March 31, 2022**

	2022	2021
<b>REVENUES</b>		
Philanthropic revenue	\$ 2,360,471	\$ 1,901,367
Dividend income	56,749	29,280
Interest income	26,116	16,155
	<u>2,443,336</u>	<u>1,946,802</u>
<b>EXPENSES</b>		
Salaries and benefits	302,524	301,140
Administration and office	121,871	84,374
Professional fees	117,987	40,815
Fundraising	61,579	120,665
Amortization	17,256	14,440
Travel, education and governance	524	1,627
Social enterprise (recovery)	-	(2,250)
	<u>621,741</u>	<u>560,811</u>
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<u>1,821,595</u>	<u>1,385,991</u>
<b>OTHER INCOME</b>		
Gain on sale of marketable securities	133,499	1,563
Unrealized gain on marketable securities	34,726	422,228
Canada Emergency Wage Subsidy	28,570	167,036
Canada Emergency Rent Subsidy	2,739	-
Forgivable portion of CEBA loan	-	20,000
Gain on disposal of 2518153 Ontario Inc. shares	-	331,788
2518153 Ontario Inc. equity	-	66,208
	<u>199,534</u>	<u>1,008,823</u>
	2,021,129	2,394,814
<b>OTHER EXPENSES</b>		
Donation to Strathroy Middlesex General Hospital	1,245,973	784,720
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 775,156</u>	<u>\$ 1,610,094</u>

**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**

**Statement of Cash Flows**

**Year Ended March 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 775,156	\$ 1,610,094
Items not affecting cash:		
Amortization of capital assets	17,256	14,440
Gain on disposal of investments	(133,499)	(1,563)
Change in unrealized gain of marketable securities	(34,726)	(422,228)
Gain on disposal of 2518153 Ontario Inc. shares	-	(331,788)
Investment income from wholly owned subsidiary	-	(66,208)
Gifts of securities/in kind	(1,235,840)	(603,621)
Forgivable portion of CEBA loan	-	(20,000)
	<u>(611,653)</u>	<u>179,126</u>
Changes in non-cash working capital:		
Accounts receivable	(356)	(34,711)
Accounts payable and accrued liabilities	(170,264)	(259,458)
Deferred income	670,662	40,000
Prepaid expenses	(10,621)	17,565
Harmonized sales tax payable	17,249	20,475
	<u>506,670</u>	<u>(216,129)</u>
Cash flow used by operating activities	<u>(104,983)</u>	<u>(37,003)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(13,408)	(5,643)
Repayment of loans and notes receivable	53,818	-
Increase in endowments	2,030,283	252,510
Purchase of short term investments	(2,293,115)	(1,515,293)
Disposal of short term investments	-	1,196,286
Purchase (repayment) of investment in 2518153 Ontario Limited	-	107,505
Advances from (to) related party	-	-
Due from related party	12,148	220,190
	<u>(210,274)</u>	<u>255,555</u>
Cash flow from (used by) investing activities	<u>(210,274)</u>	<u>255,555</u>
<b>FINANCING ACTIVITY</b>		
Proceeds from long term financing	-	60,000
	<u>-</u>	<u>60,000</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(315,257)</b>	<b>278,552</b>
Cash - beginning of year	<u>641,346</u>	<u>362,794</u>
<b>CASH - END OF YEAR</b>	<b>\$ 326,089</b>	<b>\$ 641,346</b>



# STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2022

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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, 2022

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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.

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**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

2. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Equipment	\$ 106,359	\$ 104,812	\$ 1,547	\$ 2,166
Computer equipment	190,184	174,372	15,812	10,511
Televisions	42,647	21,324	21,323	29,853
	<b>\$ 339,190</b>	<b>\$ 300,508</b>	<b>\$ 38,682</b>	<b>\$ 42,530</b>

3. PLEDGES RECEIVABLE

The Foundation has pledges receivable in the amount of \$922,665 (2021 - \$1,056,561) 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

	2022	2022	2021	2021
		Market value	Cost	Market value
Cash and equivalents	\$ 134,462	\$ 134,462	\$ 5,745	\$ 5,745
Fixed income	1,233,161	1,256,273	424,499	438,206
Equities and mutual funds	4,868,987	5,337,758	1,940,896	2,587,358
	<b>\$ 6,236,610</b>	<b>\$ 6,728,493</b>	<b>\$ 2,371,140</b>	<b>\$ 3,031,309</b>

5. MARKETABLE SECURITIES

	2022	2021
<b>Market Value of Investments by Type</b>		
Reserve investments	\$ 859,094	\$ 444,318
Restricted investments	2,106,636	1,115,790
Endowments	3,762,763	1,471,201
	<b>\$ 6,728,493</b>	<b>\$ 3,031,309</b>

The restricted investments are held by the Foundation relating to the hospital redevelopment campaign and Contrast Mammography Suite. Once these 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, 2022**

6. ENDOWMENTS

	<u>2022</u>	<u>2021</u>
Eastman Endowment	\$ 919,095	\$ 919,095
Sharpe Endowment (to purchase patient care equipment)	127,500	127,500
Crowley/Doan Endowment (to fund the education and recruitment of medical professionals)	180,769	180,529
Mary Trudell Endowment (breast health education)	41,770	41,770
Mary Wright Endowment (bursaries for hospital staff and physicians pursuing continuing education)	30,831	30,831
Anonymous Endowment (Diagnostic Services)	200,000	200,000
Marion Lillian Waters Endowment (patient care equipment for Diagnostic Services)	2,005,000	-
Yvonne and Bruce Lambert Endowment (to fund the education of medical professionals)	25,043	-
	<u>\$ 3,530,008</u>	<u>\$ 1,499,725</u>

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, 2022 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 \$36,668 (2021 - \$30,254) and are included in salaries and benefits in the statement of operations.

8. PROMISSORY NOTE RECEIVABLE

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 \$53,819.

## STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION

### Notes to Financial Statements

Year Ended March 31, 2022

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#### 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 \$12,285 (2021 - \$10,961). The rent expense is included in administration and office expense on the statement of operations.

Included in accounts payable is \$nil (2021 - \$151,000) due to Strathroy Middlesex General Hospital.

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#### 10. LONG TERM DEBT

During the prior year, the Foundation received the Canada Emergency Business Account loan with proceeds of \$60,000. If \$40,000 is repaid by December 31, 2023, \$20,000 of the loan is forgivable. The forgivable portion of the loan has been included in the Statement of Operations in the prior year.

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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):

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**STRATHROY MIDDLESEX GENERAL HOSPITAL FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2022**

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11. FINANCIAL INSTRUMENTS *(continued)*

	<u>2022</u>	<u>2021</u>
Marketable securities	\$ 2,171,789	\$ 818,530

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.

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# SMGHF Audited Financials-22 FS

Final Audit Report

2022-09-28

Created:	2022-09-28
By:	SUSAN MCLEAN (smclean@smghfoundation.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA5f1F29mM7RdnHZRE_KgvVd0yUnhdrRYs

## "SMGHF Audited Financials-22 FS" History

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Signature Date: 2022-09-28 - 9:06:37 PM GMT - Time Source: server- IP address: 99.242.15.33
-  Agreement completed.  
2022-09-28 - 9:06:37 PM GMT