

Stevenson Memorial Hospital Foundation
Financial Statements
For the year ended March 31, 2022

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Independent Auditor's Report

To the Board of Directors of Stevenson Memorial Hospital Foundation

Opinion

We have audited the financial statements of Stevenson Memorial Hospital Foundation, which comprise the statement of financial position as at March 31, 2022, 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, the accompanying financial statements present fairly, in all material respects, the financial position of Stevenson Memorial Hospital 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 Opinion

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 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 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 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 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.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
May 19, 2022


Stevenson Memorial Hospital Foundation Statement of Financial Position

March 31	2022	2021
Assets		
Current		
Cash (Note 2)	\$1,105,378	\$ 393,326
Portfolio cash	77,885	48,692
Other receivables	36,606	38,086
Inventory	3,588	3,743
Prepaid expenses	3,702	6,186
	<u>1,227,159</u>	<u>490,033</u>
Long-term investments (Note 3)	3,059,326	2,631,311
Cash surrender value of life insurance policy (Note 4)	12,874	12,672
Property, plant and equipment (Note 5)	16,042	20,163
	<u>3,088,242</u>	<u>2,664,146</u>
	<u>\$4,315,401</u>	<u>\$ 3,154,179</u>

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 7)	\$ 173,235	\$ 327,184
Uncertainty due to COVID-19 (Note 10)		
Net Assets		
Unrestricted	2,536,810	1,983,292
Externally restricted	1,605,356	843,703
	<u>4,142,166</u>	<u>2,826,995</u>
	<u>\$4,315,401</u>	<u>\$ 3,154,179</u>

On behalf of the board:

DocuSigned by:

 Boris Pavlin
 G5E06FC6F750412... Director

DocuSigned by:

 Director
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Stevenson Memorial Hospital Foundation Statement of Operations and Changes in Net Assets

For the year ended March 31	Unrestricted	Externally Restricted	Total 2022	Total 2021
Revenues				
Donations and events (Note 6)	\$ 1,424,857	\$ 1,071,510	\$ 2,496,367	\$ 2,331,562
Investment income (Note 8)	347,701	-	347,701	495,554
Sales and other income	180	-	180	413
Membership fees	875	-	875	375
Gain on disposal of property, plant and equipment	-	-	-	897
Increase in cash surrender value of life insurance policy	-	202	202	12,672
	<u>1,773,613</u>	<u>1,071,712</u>	<u>2,845,325</u>	<u>2,841,473</u>
Expenses				
Amortization of property, plant and equipment	4,953	-	4,953	5,988
Consulting, insurance and other fees	913	3,000	3,913	4,499
Fundraising and events	99,918	-	99,918	197,728
Investment fees	20,709	-	20,709	16,964
Marketing and promotion	10,965	-	10,965	3,444
Office supplies, computer licenses and printing	47,739	-	47,739	52,667
Professional development	3,858	-	3,858	1,331
Professional fees and bookkeeping services	24,897	-	24,897	28,196
Wages and benefits (Note 7)	473,120	-	473,120	448,691
	<u>687,072</u>	<u>3,000</u>	<u>690,072</u>	<u>759,508</u>
Excess of revenues over expenses before contributions	1,086,541	1,068,712	2,155,253	2,081,965
Contributions to Stevenson Memorial Hospital (Note 7)	<u>(533,023)</u>	<u>(307,059)</u>	<u>(840,082)</u>	<u>(1,274,985)</u>
Excess of revenues over expenses	553,518	761,653	1,315,171	806,980
Net assets, beginning of the year	<u>1,983,292</u>	<u>843,703</u>	<u>2,826,995</u>	<u>2,020,015</u>
Net assets, end of the year	<u>\$ 2,536,810</u>	<u>\$ 1,605,356</u>	<u>\$ 4,142,166</u>	<u>\$ 2,826,995</u>

Stevenson Memorial Hospital Foundation Statement of Cash Flows

For the year ended March 31	2022	2021
Excess of revenues over expenses	\$ 1,315,171	\$ 806,980
Items not involving cash:		
Amortization of property, plant and equipment	4,953	5,988
Gain on disposal of property, plant and equipment	-	(897)
Change in cash surrender value of life insurance policy	(202)	(12,672)
	<u>1,319,922</u>	<u>799,399</u>
Changes in non-cash working capital:		
Other receivables	1,480	(5,151)
Inventory	155	(94)
Prepaid expenses	2,484	10,750
Accounts payable and accrued liabilities	(153,958)	(343,959)
	<u>1,170,083</u>	<u>460,945</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(823)	(3,010)
Proceeds on disposal of property, plant and equipment	-	3,103
Proceeds on disposal of long-term investments	-	595,472
Purchase of long-term investments	(428,015)	(1,236,115)
	<u>(428,838)</u>	<u>(640,550)</u>
Net increase (decrease) in cash	741,245	(179,605)
Cash, beginning of the year	<u>442,018</u>	<u>621,623</u>
Cash, end of year	<u>\$ 1,183,263</u>	<u>\$ 442,018</u>
Represented by:		
Bank	\$ 1,105,378	\$ 393,326
Portfolio cash	77,885	48,692
	<u>\$ 1,183,263</u>	<u>\$ 442,018</u>

Stevenson Memorial Hospital Foundation

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies

Purpose of Organization	Stevenson Memorial Hospital Foundation (the "Foundation") is a non-profit foundation incorporated December 30, 1985 without share capital under the laws of Ontario. The Foundation accepted the transfer of the investment portfolio of Stevenson Memorial Hospital in March 1986. The purpose of the Foundation is to receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time-to-time, for medical, charitable or educational purposes, within the Province of Ontario, including, without limiting the generality of the foregoing, for the support of Stevenson Memorial Hospital of Alliston. The Foundation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.						
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.						
Inventory	Inventory is stated at the lower of cost and replacement cost. Cost is generally determined on the first-in, first-out basis. Replacement cost is the amount that would be needed currently to acquire an equivalent asset.						
Contributed Materials and Services	Contributed materials and services which are used in the normal course of the Foundation's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.						
Property, Plant and Equipment	<p>Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When property, plant and equipment no longer contributes to the Foundation's ability to provide services or the value of future economic benefits associated with the property, plant and equipment is less than its net book value, the carrying value of the property, plant and equipment is reduced to reflect the decline in the asset's value.</p> <p>Property, plant and equipment are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which have been estimated as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">Office equipment</td> <td>10 years</td> </tr> <tr> <td>Computer equipment</td> <td>3 years</td> </tr> <tr> <td>Leasehold improvements</td> <td>10 years</td> </tr> </table>	Office equipment	10 years	Computer equipment	3 years	Leasehold improvements	10 years
Office equipment	10 years						
Computer equipment	3 years						
Leasehold improvements	10 years						

Stevenson Memorial Hospital Foundation Notes to Financial Statements

March 31, 2022

Revenue Recognition	<p>The Foundation follows the restricted method of accounting for donations. Donations and gifts in kind which are restricted by the donors for specific purposes are recorded as restricted funds; other donations are recorded as unrestricted. 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. The donation of a life insurance policy is recognized as revenue in the period in which legal ownership of the policy is transferred to the Foundation, in the amount of cash surrender value at that time. Subsequent changes in the cash surrender value are recognized annually as they occur.</p> <p>Sales and events revenues are recognized on the accrual basis and recorded as either restricted or unrestricted based on their intended purpose.</p> <p>Investment income is recognized on the accrual basis and recorded in the unrestricted net assets.</p>
Use of Estimates	<p>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 period. The principal estimates used in the preparation of these financial statements includes allowance for doubtful accounts, accrued liabilities and the useful life of property, plant and equipment. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>
Financial Instruments	<p>Financial instruments are recorded at fair value at initial recognition.</p> <p>In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. 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 indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in excess of revenues over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p>

Stevenson Memorial Hospital Foundation Notes to Financial Statements

March 31, 2022

2. Cash

The Foundation maintains cash balances at the Royal Bank of Canada which earns interest at Bank Prime less 1.75%.

The Foundation is exposed to credit risk as deposits are only insured up to \$100,000 per institution.

3. Long-Term Investments

	2022		2021	
	Cost	Quoted Market value	Cost	Quoted Market value
Canadian equities and bond mutual funds	\$ 2,537,733	\$ 2,884,584	\$ 1,880,675	\$ 2,093,784
U.S. equities	159,148	174,742	317,256	537,527
	\$ 2,696,881	\$ 3,059,326	\$ 2,197,931	\$ 2,631,311

Investments in securities with an active market have been included at market based on quoted bid prices as at March 31, 2022.

Canadian equities and bond mutual funds are comprised of the outstanding shares of various Canadian public companies and a Canadian bond mutual fund. They have no fixed maturity dates. Dividends are generally received quarterly, semi-annually or annually. The maximum investment in any one Canadian company or mutual fund at March 31, 2022 is 112,536 units of the TD Canadian Bond Fund - Private with a market value of \$1,043,205 (cost - \$1,126,281). The maximum investment in any one industry at March 31, 2022 for Canadian equities is the Financial Services industry with an investment at market value of \$522,469 (cost - \$510,204) which represents 18.10% of the total investment in Canadian equities (20.10% of the total cost of Canadian equities).

U.S. equities are comprised of outstanding shares of various public companies. They have no fixed maturity dates. Dividends are generally received quarterly, semi-annually or annually. The maximum investment in any one U.S. company or mutual fund at March 31, 2022 is 9,255 shares of TD U.S. Dividend Growth Fund - Private with a market value of \$174,742 (cost - \$159,149) which represents 100% of the total investment in U.S. equities (100% of the total cost of U.S. equities).

The amount of change in the fair value of the above investments, designated as held-for-trading and recognized in investment income during the year, was an unrealized loss of \$73,294 (2021 - gain of \$270,723), see Note 8.

Stevenson Memorial Hospital Foundation Notes to Financial Statements

March 31, 2022

4. Cash Surrender Value on Life Insurance Policy

The Foundation is the assignee and owner of life insurance policies with death benefits totaling \$100,000 and a cash surrender value totaling \$12,874.

5. Property, Plant and Equipment

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office equipment	\$ 16,304	\$ 6,902	\$ 16,693	\$ 6,635
Computer equipment	9,028	9,028	9,028	9,028
Leasehold improvements	35,355	28,715	35,355	25,250
	<u>\$ 60,687</u>	<u>\$ 44,645</u>	<u>\$ 61,076</u>	<u>\$ 40,913</u>
Net book value		<u>\$ 16,042</u>		<u>\$ 20,163</u>

6. Donations and Events

The Foundation receives a variety of donations from corporations, individuals and other organizations. The Foundation also holds a number of fundraising events such as a raffles as well as other third party community events. In person events are set to continue, once restrictions and measures put in place by the Ontario Government relating to the Covid-19 outbreak are reversed.

7. Related Party Transactions

Stevenson Memorial Hospital (the "Hospital")

The Hospital is an independent corporation, incorporated without share capital, which has its own independent Board of Directors and is a registered charity under the Income Tax Act (Canada). The Hospital receives funds from the Foundation for the purchase of equipment and renovations to the Hospital.

Certain amounts donated to the Hospital are externally restricted.

The following table summarizes the Foundation's related party transactions for the year:

	2022	2021
- Contributions measured at fair value at date of distribution	\$ 840,082	\$ 1,274,985
- Administration and other costs measured at cost recovery	473,120	448,691

At the end of the year, the amount due to the Hospital measured at carrying value is \$156,021 (2021 - \$312,728) and is included in accounts payable and accrued liabilities.

Stevenson Memorial Hospital Foundation Notes to Financial Statements

March 31, 2022

8. Investment Income

	2022	2021
Interest	\$ 13,560	\$ 11,527
Dividends	75,162	69,793
Realized gains on sale of investments	332,273	143,511
Unrealized gain (loss) on investments	(73,294)	270,723
	\$ 347,701	\$ 495,554

9. Financial Instruments

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Foundation is exposed to this risk mainly in respect of its accounts payable.

The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Foundation maintains a portion of its invested assets in liquid securities.

There have not been any changes in the risk from the prior year.

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 Foundation is exposed to all three risks.

To manage the market risk, the Foundation hires an outside investment manager who has regular meetings with the Board of Directors. There are also, at minimum, yearly reviews of the investment manager and investment performance.

There have not been any changes in the risk from the prior year.

Stevenson Memorial Hospital Foundation Notes to Financial Statements

March 31, 2022

9. Financial Instruments (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At year end, approximately 5.6% of the Stevenson Memorial Hospital Foundation's investments are in US equities. Consequently, some assets are exposed to foreign exchange fluctuations. As at year end, investment balances of \$174,742 (2021 - \$537,527) have been converted into Canadian dollars.

The Stevenson Memorial Hospital Foundation considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risk.

There have not been any changes in the risk from the prior year.

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 Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Foundation to a fair value risk while the floating rate instruments subject it to a cash flow risk.

A substantial portion of the Foundation's investments bear interest at floating rates. Fluctuations in these rates will impact the investment income received in the future.

The Foundation mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

There have not been any changes in the risk from the prior year.

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 Foundation is exposed to other price risk through its investments in quoted shares.

The Foundation manages other price risk through asset allocation and maintaining a portfolio that is well diversified on both a geographic and industry sector basis.

There have not been any changes in the risk from the prior year.

Stevenson Memorial Hospital Foundation Notes to Financial Statements

March 31, 2022

10. Uncertainty Due to COVID-19

In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of approval of these financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Foundation's financial condition, liquidity, and future results of operations.

Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.
