
Financial statements of
Georgian Bay General
Hospital Foundation

March 31, 2021

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Independent Auditor's Report

To the Board of Directors of
Georgian Bay General Hospital Foundation

Qualified Opinion

We have audited the financial statements of Georgian Bay General Hospital Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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 donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donations, bequests, and fundraising revenue, the excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and fund balances as at April 1 and March 31 for both the 2021 and 2020 years. The audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 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 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 GAAS 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 GAAS, 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 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 14, 2021

Georgian Bay General Hospital Foundation
Statement of financial position
As at March 31, 2021

| | Notes | 2021 \$ | 2020 \$ |
|--|-------|------------------|------------|
| Assets | | | |
| Current assets | | | |
| Cash | | 3,148,335 | 510,064 |
| Prepaid expenses | | — | 3,115 |
| Accounts receivable | | 31,857 | 929,940 |
| Investments | 3 | 1,431,995 | 1,248,819 |
| | | 4,612,187 | 2,691,938 |
| Land | 5 | 687,275 | 687,275 |
| | | 5,299,462 | 3,379,213 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | 7,525 | 7,525 |
| Deferred revenue | | 2,500 | 14,750 |
| Payable to Georgian Bay General Hospital | 6 | 1,605,229 | 1,999,336 |
| | | 1,615,254 | 2,021,611 |
| Fund balances | | | |
| General Fund | | 2,217,630 | 888,903 |
| Externally Restricted Specified Fund | | 1,451,578 | 461,682 |
| Endowment Fund | | — | — |
| Internally Restricted Fund | | 15,000 | 15,000 |
| Externally Restricted Specified Capital Fund | | — | (7,983) |
| | | 3,684,208 | 1,357,602 |
| | | 5,299,462 | 3,379,213 |

The accompanying notes are an integral part of these financial statements.

Approved by the Board

_____, Director

_____, Director

Georgian Bay General Hospital Foundation
Statement of operations and changes in fund balances
Year ended March 31, 2021

| Notes | General Fund | | Externally Restricted Specified Fund | | Endowment Fund | | Internally Restricted Fund | | Externally Restricted Specified Capital Fund | | Total | |
|---|------------------|------------------|--------------------------------------|----------------|----------------|-----------|----------------------------|---------------|--|----------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2020 | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Revenue | | | | | | | | | | | | |
| Donations | 1,027,886 | 937,413 | 2,150,249 | 309,781 | — | — | — | — | 5,100 | 15,200 | 3,183,235 | 1,262,394 |
| Bequests | 81,523 | 144,374 | — | — | — | — | — | — | — | — | 81,523 | 144,374 |
| Fundraising | 975,181 | 523,632 | 26,165 | 211,780 | — | — | — | — | — | — | 1,001,346 | 735,412 |
| Investment income | 31,958 | 44,519 | 3,550 | 3,546 | — | — | — | — | — | — | 35,508 | 48,065 |
| | 2,116,548 | 1,649,938 | 2,179,964 | 525,107 | — | — | — | — | 5,100 | 15,200 | 4,301,612 | 2,190,245 |
| Expenses | | | | | | | | | | | | |
| Wages and benefits | 373,210 | 398,584 | — | — | — | — | — | — | — | — | 373,210 | 398,584 |
| Consulting fees | 1,359 | 8,430 | — | — | — | — | — | — | — | — | 1,359 | 8,430 |
| Fundraising costs | 183,389 | 189,249 | — | — | — | — | — | — | — | — | 183,389 | 189,249 |
| Administration | 142,695 | 63,999 | — | — | — | — | — | — | — | — | 142,695 | 63,999 |
| Professional and investment fees | 19,634 | 24,493 | — | — | — | — | — | — | — | — | 19,634 | 24,493 |
| | 720,287 | 684,755 | — | — | — | — | — | — | — | — | 720,287 | 684,755 |
| Excess of revenue over expenses before undernoted | 1,396,261 | 965,183 | 2,179,964 | 525,107 | — | — | — | — | 5,100 | 15,200 | 3,581,325 | 1,505,490 |
| Transfers to Georgian Bay General Hospital | (64,519) | (457,872) | (1,190,200) | (667,091) | — | — | — | — | — | — | (1,254,719) | (1,124,963) |
| Excess (deficiency) of revenue over expenses | 1,331,742 | 507,311 | 989,764 | (141,984) | — | — | — | — | 5,100 | 15,200 | 2,326,606 | 380,527 |
| Fund balances, beginning of year | 888,903 | 105,781 | 461,682 | 658,253 | — | 297,669 | 15,000 | 15,000 | (7,983) | (99,628) | 1,357,602 | 977,075 |
| Inter-fund transfers | (3,015) | 275,811 | 132 | (54,587) | — | (297,669) | — | — | 2,883 | 76,445 | — | — |
| Fund balances, end of year | 2,217,630 | 888,903 | 1,451,578 | 461,682 | — | — | 15,000 | 15,000 | — | (7,983) | 3,684,208 | 1,357,602 |

The accompanying notes are an integral part of these financial statements.

Georgian Bay General Hospital Foundation**Statement of cash flows**

Year ended March 31, 2021

| | 2021 | 2020 |
|--|------------------|-----------|
| | \$ | \$ |
| Operating activities | | |
| Excess of revenue over expenses | 2,326,606 | 380,527 |
| Changes in non-cash working capital balances | | |
| Accounts receivable | 898,083 | (910,930) |
| Prepays | 3,115 | 2,439 |
| Accounts payable and accrued liabilities | — | 7,491 |
| Deferred revenue | (12,250) | 535 |
| Payable to Georgian Bay General Hospital | (394,107) | 418,984 |
| | 2,821,447 | (100,954) |
| Financing activity | | |
| Purchase of land | — | (687,275) |
| Investing activities | | |
| Reinvestment of investment income earned | (15,873) | (23,354) |
| Acquisition of investments | (167,303) | (131,669) |
| | (183,176) | (155,023) |
| Net increase (decrease) in cash | 2,638,271 | (943,252) |
| Cash, beginning of year | 510,064 | 1,453,316 |
| Cash, end of year | 3,148,335 | 510,064 |

The accompanying notes are an integral part of these financial statements.

Georgian Bay General Hospital Foundation

Notes to the financial statements

March 31, 2021

1. Significant accounting policies

Nature and purpose of organization

The Georgian Bay General Hospital Foundation (the "Foundation") is incorporated without share capital under the Corporations Act (Ontario) as a charitable organization and is a registered charity under the Income Tax Act (Canada).

The Foundation is principally involved in raising funds for the benefit of the Georgian Bay General Hospital. The fund balances and operations of the Foundation are ultimately for the benefit of the Georgian Bay General Hospital. The Foundation is an independent legal entity from the Hospital and therefore these financial statements have not been consolidated with the Hospital.

Basis of accounting

The financial statements of the Foundation are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions which consist of donations, bequests and proceeds from special events.

The financial statements separately disclose the activities of the following funds maintained by the Foundation:

- The General Fund accounts for the Foundation's program delivery and administration activities. This fund reports unrestricted resources.
- The Externally Restricted Specified Fund reports restricted resources that are to be used for the purposes specified by the respective donors.
- The Endowed Fund comprises amounts to be maintained permanently as specified by the donors.
- The Internally Restricted Fund reports funds that have been internally restricted by the Board.
- The Externally Restricted Specified Capital Fund reports restricted resources that are to be used for the purchase of capital assets as specified by the respective donors.

Revenue recognition

Revenue from donations and other contributions including gifts in kind, is recorded in the appropriate restricted fund when received. Externally restricted contributions received for which no restricted fund exists is deferred and recognized as revenue in the General Fund in the year in which the related expenditure is incurred. Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Fundraising revenue is recorded as revenue when the amounts are received.

The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended in accordance with the wishes of the donor.

Georgian Bay General Hospital Foundation

Notes to the financial statements

March 31, 2021

1. Significant accounting policies (continued)

Investment income

Investment income is accrued as it is earned. Investment income includes interest income, and realized and unrealized gains and losses net of investment management fees. Investment income (including realized and unrealized gains/losses) subject to external restrictions stipulating that it be added to the principal amount of a restricted contribution is recognized as revenue within the applicable restricted fund. General investment income earned on the assets of the General Fund, Externally Restricted Specified Fund and the Endowment Fund is recognized as revenue of the General Fund. Transaction costs are expensed as incurred.

Contributed goods and services

Donors contribute gifts in kind for use in fundraising events, for granting to the Hospital, and for the Foundation's use in operations. These gifts are recognized at their fair market value when such value can be reasonably determined.

Contributed securities

Gifts of publicly-traded securities are recognized at estimated fair value based on the published closing price on the date of receipt, when such information is available, or other estimated fair value as applicable.

Contributed services

The work of the Foundation is dependent on the volunteer activities of many individuals. Because these services are not normally purchased by the Foundation and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

Foreign currency translation

Foreign currency accounts are translated into Canadian dollars as follows:

- At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in the statement of operations and changes in fund balances in the current period. Investments denominated in foreign currency are recorded at the foreign exchange rate in effect at the time the investment was purchased.

Financial instruments

The Foundation initially recognizes financial instruments at fair value and subsequently measures them at each reporting date, as follows:

| <u>Asset/liability</u> | <u>Measurement</u> |
|--|--------------------|
| Cash | Fair value |
| Investments | Fair value |
| Accounts receivables | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Payable to Georgian Bay General Hospital | Amortized cost |

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists the asset shall be written down and the resulting impairment loss shall be recognized in the statement of operations for the period.

Transaction costs in respect of financial assets recorded at fair value are expensed as incurred.

Georgian Bay General Hospital Foundation

Notes to the financial statements

March 31, 2021

1. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the fair values of financial instruments, the allocation of unrealized gains and losses related to the change in the fair value of investments to the various fund balances, and the fair value of in-kind donations. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Financial instruments

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 arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

Liquidity risk

Liquidity risk is the risk that the Foundation encounters 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. Liquidity risk arises from accounts payable and accrued liabilities and amounts due to the Georgian Bay General Hospital. The Foundation manages liquidity risk by monitoring the operating requirements of the Foundation. The Foundation prepares a budget and cash forecasts to ensure it has sufficient funds to meet its obligations.

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Foundation has investments in US equities, the value of which fluctuates in part as a result of changes in foreign exchange rates.

3. Investments

| | Cost | 2021 Quoted market value | Cost | 2020 Quoted market value |
|-----------------------------------|------------------|---|-------------|---|
| | \$ | \$ | \$ | \$ |
| Cash held with investment company | 16,551 | 16,551 | 16,826 | 16,826 |
| Government bonds | 1,179,599 | 1,179,629 | 1,228,904 | 1,231,993 |
| Other securities | 198,079 | 235,815 | — | — |
| | 1,394,229 | 1,431,995 | 1,245,730 | 1,248,819 |

Georgian Bay General Hospital Foundation

Notes to the financial statements

March 31, 2021

3. Investments (continued)

Cash held with investment company earns interest at variable rate.

Government bonds bear interest at a rate of 0.14% per year and have a maturity date of June 23, 2021.

Other securities consist of Mutual funds and Common shares. Mutual Funds are recorded at fair market value, and common shares are recorded at the bid price as of March 31, 2021.

4. Pension plan

The Foundation employees are members of the Healthcare of Ontario Pension Plan ("HOOPP") which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. The plan is a multi-employer plan and therefore the Foundation's contributions are accounted for as if the plan were a defined contribution plan with the Foundation's contributions being expensed in the period they come due. Each year, an independent actuary determines the funding status of HOOPP by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. HOOPP's statement of financial position as at December 31, 2020 disclosed total pension obligations of \$79.9 billion with net assets at that date of \$104 billion indicating a surplus of \$24.1 billion. Because HOOPP is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario member organizations and their employees. As a result, the Hospital does not recognize any share of the HOOPP surplus or deficit. Contributions made by the Foundation to HOOPP during the year amounted to \$20,215 (\$25,620 in 2020).

5. Land

During the year ended March 31, 2020, the Foundation acquired a parcel of land at a cost of \$687,275. The land is being reported at cost and was acquired for the purposes of future hospital development.

6. Related party transactions

The Foundation receives and maintains funds to provide for the enhancement of facilities and services at Georgian Bay General Hospital. During the year, the Foundation transferred \$1,254,719 (\$1,124,963 in 2020) to Georgian Bay General Hospital.

At year end, there was an amount payable to the Georgian Bay General Hospital of \$1,605,229 (\$1,999,336 in 2020). This was comprised of \$231,742 (\$103,050 in 2020) for operating expenses and \$1,373,487 (\$1,896,286 in 2020) for capital projects.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

7. Inter-fund transfers

During the year, the Board of Directors approved inter-fund transfers of \$132 from the General Fund to the Externally Restricted Specified Fund (\$54,587 in 2020 from the Externally Restricted Specified Fund to the General Fund) and \$2,883 from the General Fund to the Externally Restricted Specified Capital Fund (\$76,445 in 2020).

During the year ended March 31, 2020, the balance of the Endowment Fund of \$297,669 was transferred to the General Fund for the purposes of acquiring the land detailed in Note 5. The donor of the endowment approved this transfer.

Georgian Bay General Hospital Foundation

Notes to the financial statements

March 31, 2021

8. Covid-19 Pandemic

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Foundation in future periods.