

Financial Statements of

**WEST PARRY SOUND HEALTH
CENTRE FOUNDATION**

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors of West Parry Sound Health Centre Foundation

Opinion

We have audited the financial statements of West Parry Sound Health Centre Foundation (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations and changes in fund balance for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of 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 responsibility under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Responsibility 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 Entity'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 Entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 the events or conditions that may cast significant doubt on the Entity'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 Entity's 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 29, 2023

WEST PARRY SOUND HEALTH CENTRE FOUNDATION

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 2,084,640	\$ 1,099,594
Portfolio investments (note 2)	994,123	954,890
Prepaid expenses	916	2,034
	<u>3,079,679</u>	<u>2,056,518</u>
Endowment investments (note 2)	4,675,721	4,122,381
Collection of artwork	162,518	162,518
Capital assets (note 3)	3,535	-
	<u>\$ 7,921,453</u>	<u>\$ 6,341,417</u>

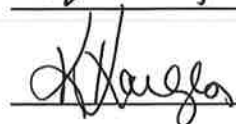
Liabilities and Fund Balance

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 28,621	\$ 24,759
Due to West Parry Sound Health Centre (note 6)	52,313	25,697
	<u>80,934</u>	<u>50,456</u>
Fund balance:		
General fund	1,153,553	227,844
Restricted and endowment fund	5,841,087	5,334,589
Designated fund	845,879	728,528
	<u>7,840,519</u>	<u>6,290,961</u>
Commitments (note 7)		
	<u>\$ 7,921,453</u>	<u>\$ 6,341,417</u>

See accompanying notes to financial statements.

On behalf of the Board.

 Director

 Director

WEST PARRY SOUND HEALTH CENTRE FOUNDATION

Statement of Operations and Changes in Fund Balance

Year ended March 31, 2023, with comparative information for 2022

	General Fund		Restricted and Endowment Fund		Designated Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue:								
Fundraising (note 5)	\$ 1,301,104	\$ 1,098,960	\$ 518,473	\$ 385,490	\$ 897,002	\$ 1,398,831	\$ 2,716,579	\$ 2,883,281
Investment income	146,768	7,127	11,354	441,126	-	-	158,122	448,253
	1,447,872	1,106,087	529,827	826,616	897,002	1,398,831	2,874,701	3,331,534
Expenses:								
Fundraising expenses (note 5)	90,442	48,330	-	-	44,998	29,434	135,440	77,764
Administrative costs	91,370	101,710	23,329	29,406	-	-	114,699	131,116
Salaries and benefits	314,861	266,635	-	-	-	-	314,861	266,635
	496,673	416,675	23,329	29,406	44,998	29,434	565,000	475,515
Excess of revenue over expenses before the undernoted	951,199	689,412	506,498	797,210	852,004	1,369,397	2,309,701	2,856,019
Disbursements to qualified donee WPSHC (note 6)	25,490	1,134,662	-	-	734,653	1,322,853	760,143	2,457,515
Excess (deficiency) of revenue over expenses	925,709	(445,250)	506,498	797,210	117,351	46,544	1,549,558	398,504
Fund balance - beginning of year	227,844	673,094	5,334,589	4,537,379	728,528	681,984	6,290,961	5,892,457
Fund balance - end of year	\$ 1,153,553	\$ 227,844	\$ 5,841,087	\$ 5,334,589	\$ 845,879	\$ 728,528	\$ 7,040,519	\$ 6,290,961

See accompanying notes to financial statements.

WEST PARRY SOUND HEALTH CENTRE FOUNDATION

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 1,549,558	\$ 398,504
Adjustments for:		
Amortization of capital assets	60	-
	1,549,618	
Changes in non-cash working capital:		
Decrease in prepaid expenses	1,118	1,154
Increase (decrease) in accounts payable and accrued liabilities	3,862	(14,936)
Increase (decrease) in due to West Parry Sound Health Centre	26,616	(1,008)
	1,581,214	383,714
Investing activities:		
Net investment activity	(592,573)	315,299
Capital activities:		
Purchase of capital assets	(3,595)	-
Net increase in cash	985,046	699,013
Cash, beginning of year	1,099,594	400,581
Cash, end of year	\$ 2,084,640	\$ 1,099,594

See accompanying notes to financial statements.

WEST PARRY SOUND HEALTH CENTRE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

The West Parry Sound Health Centre Foundation (the "Foundation") was incorporated under the laws of Ontario under the Canada Corporations Act. The Foundation is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The Foundation is principally involved in raising funds for the benefit of the West Parry Sound Health Centre (the "WPSHC"). The fund balances and operations of the Foundation are ultimately for the benefit of the WPSHC. The Foundation is a legal entity operating independently of the WPSHC and therefore these financial statements have not been consolidated with the WPSHC.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada – Handbook - Accounting. The Foundation's significant accounting policies are as follows:

(a) Basis of presentation:

In order to ensure observance and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of fund accounting.

The General Fund accounts for the Foundation's program delivery, fundraising and administrative activities. This fund reports unrestricted resources.

The Restricted Fund reports resources where either donor or internal restrictions require that the principal be maintained by the Foundation for a period of time.

The Endowment Fund includes those funds where donor restrictions require that the principal be maintained by the Foundation on a permanent basis.

The Designated Fund reports funds where resources are to be used for an identified purpose as specified by the donor, as stipulated by the fundraising appeal or as determined by the Board.

(b) Revenue recognition:

The financial statements are prepared according to the restricted fund method of accounting. Under this method, the following principles have been applied.

Restricted contributions received are recognized as revenue of the appropriate specific fund (Restricted, Endowment or Designated) in the year received since the related restriction generally prohibits the disbursement of the original capital.

Unrestricted contributions including donations are recognized as revenue in the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Contributed services:

Contributions of services are not recognized in the financial statements.

WEST PARRY SOUND HEALTH CENTRE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(d) Donated assets:

Donated assets consist of donated artwork and other non-depreciable property. Donated assets are recorded in the financial statements of the Foundation at the appraised value and are not depreciated. Donated artwork is used for display throughout the WPSHC to enhance the environment for the benefit of patients, their families, staff and visitors.

(e) Use of estimates:

The preparation of the financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed annually, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its investments at fair value. Fair value is determined at quoted market prices.

Sales and purchases of financial instruments are recorded on the settlement date. Transaction costs incurred on the acquisition of financial instruments are expensed as incurred.

WEST PARRY SOUND HEALTH CENTRE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Investments:

	2023	2022
Portfolio investments	\$ 994,123	\$ 954,890
Endowment investments	4,675,721	4,122,381
	<u>\$ 5,669,844</u>	<u>\$ 5,077,271</u>
Investments:		
Cash	\$ 21,065	\$ 15,956
GIC's	355,660	338,634
Investment in pooled funds	5,293,119	4,722,681
	<u>\$ 5,669,844</u>	<u>\$ 5,077,271</u>

The Foundation's endowment investments include approximately \$1.5 million of investments with no donor restrictions other than the requirement for the Foundation to preserve the original capital. Of this amount, approximately \$0.6 million represents interest earned on the original donations, which is available for use by the Foundation at its discretion.

3. Capital assets:

	2023	2022
Equipment	\$ 39,892	\$ 36,297
Less accumulated amortization	(36,357)	(36,297)
	<u>\$ 3,535</u>	<u>\$ —</u>

4. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of:

	2023	2022
Accrued liabilities	\$ 9,602	\$ 6,200
Accrued wages and benefits	15,689	15,203
Government remittances	3,330	3,356
	<u>\$ 28,621</u>	<u>\$ 24,759</u>

WEST PARRY SOUND HEALTH CENTRE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

5. Fundraising:

	General fund		Designated fund	
	2023	2022	2023	2022
Fundraising revenue:				
Donations:				
Designated	\$ —	\$ —	\$ 130,950	\$ 996,063
Annual campaign	1,096,282	990,526	—	—
In Memoriam	89,242	73,551	109,077	21,583
Special events	—	—	656,975	376,185
Northern Angel	—	—	—	5,000
Nevada, bingo and lottery	115,580	34,883	—	—
	<u>1,301,104</u>	<u>1,098,960</u>	<u>897,002</u>	<u>1,398,831</u>
Direct expenses:				
Fundraising	50,068	21,644	—	—
Special events	—	—	44,998	29,434
Nevada, bingo and lottery	40,374	26,686	—	—
	<u>90,442</u>	<u>48,330</u>	<u>44,998</u>	<u>29,434</u>
	<u>\$ 1,210,662</u>	<u>\$ 1,050,630</u>	<u>\$ 852,004</u>	<u>\$ 1,369,397</u>

The fundraising revenue in the Endowment, Restricted and Designated funds are annual donations.

WEST PARRY SOUND HEALTH CENTRE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

6. Related party transactions:

The Foundation has transferred the following to the WPSHC (a qualified donee) and related organizations as of March 31, 2023 (only the amounts transferred have been recorded):

	Specified Procedures	Building Donations	General Donations	Total
2002	\$ 37,395	\$ —	\$ —	\$ 37,395
2003	166,310	—	—	166,310
2004	136,312	1,819,399	—	1,955,711
2005	219,402	2,307,044	—	2,526,446
2006	92,816	719,348	—	812,164
2007	377,869	425,209	—	803,078
2008	372,723	61,343	—	434,066
2009	460,579	—	—	460,579
2010	478,848	—	—	478,848
2011	277,952	—	—	277,952
2012	722,975	—	—	722,975
2013	439,403	—	26,822	466,225
2014	493,730	—	452,142	945,872
2015	615,284	—	205,174	820,458
2016	483,087	—	372,615	855,702
2017	666,936	—	827,324	1,494,260
2018	427,528	—	893,138	1,320,666
2019	522,791	—	2,708,077	3,230,868
2020	864,068	—	1,469,194	2,333,262
2021	1,709,100	—	589,556	2,298,656
2022	1,410,340	—	1,047,175	2,457,515
2023	760,143	—	—	760,143
	\$ 11,735,591	\$ 5,332,343	\$ 8,591,217	\$ 25,659,151

(a) The WPSHC provides certain services to the Foundation and pays some expenses on behalf of the Foundation. The Foundation reimburses the WPHSC for all direct costs associated with services provided and expenses paid.

(b) Amounts due to the WPSHC are non-interest bearing and due on demand. Transactions between the WPSHC and the Foundation are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

WEST PARRY SOUND HEALTH CENTRE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

7. Commitments:

The Foundation has made various commitments to the WPSHC. The amounts recorded are limited to actual transfers made.

8. Financial risks and concentration of credit risk:

The Foundation manages its investment portfolio to earn investment income and invests according to an Investment and Donated Securities Policy approved by the Board. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes. There has been no change from 2022.

The Foundation believes that it is not exposed to significant interest-rate, market, credit or cash flow risk arising from its financial instruments. There has been no change from 2022. Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments. There has been no change from 2022.

9. Comparative information:

Certain comparative information have been reclassified to conform with the presentation adopted in the current year.

