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# Woodstock Hospital Foundation

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## **FINANCIAL STATEMENTS**

Years ended December 31, 2018 and 2017

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**INDEPENDENT AUDITORS' REPORT**

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*To the Members  
Woodstock Hospital Foundation*

*Report on the Financial Statements  
Qualified Opinion*

We have audited the financial statement of the Woodstock Hospital Foundation which comprises the statement of financial position as at December 31, 2018 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.

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 Woodstock Hospital Foundation as at December 31, 2018, and the 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 Qualified Opinion*

In common with many not-for-profit organizations, Woodstock Hospital Foundation derives revenue from its fundraising activities the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Woodstock Hospital Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at December 31 for both the 2018 and 2017 years. Our opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this scope limitation.

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 Organization 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 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 Organization'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 Organization or to cease operations (or has no realistic alternative but to do so).

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

## *Auditors' Responsibility 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 it 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 Organization'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 Organization'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 Organization 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

Woodstock, Ontario  
February 19, 2019

*Symons, Wearn & Smith LLP*  
CPA, CA, Licensed Public Accountants

**WOODSTOCK HOSPITAL FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**

<i>As at December 31</i>	2018	2017
<i>ASSETS</i>		
CURRENT		
Cash	\$ 814,128	\$ 329,329
Accounts receivable	6,982	6,821
HST receivable	12,696	16,267
Prepaid expenses	<u>3,472</u>	<u>4,872</u>
	837,278	357,289
INVESTMENTS [Note 4]	13,087,150	13,397,616
OTHER [Note 5]	605,942	584,439
CAPITAL [Note 6]	<u>78,428</u>	<u>71,560</u>
	<u>\$ 14,608,798</u>	<u>\$ 14,410,904</u>
<i>LIABILITIES AND NET ASSETS</i>		
CURRENT		
Due to Woodstock General Hospital Trust [Note 7]	\$ 38,864	\$ 44,492
Accounts payable and accrued liabilities	<u>9,539</u>	<u>7,947</u>
	<u>48,403</u>	<u>52,439</u>
FUND BALANCES		
General fund [Note 9]	13,564,041	13,725,823
Restricted fund	<u>996,354</u>	<u>632,642</u>
	<u>14,560,395</u>	<u>14,358,465</u>
	<u>\$ 14,608,798</u>	<u>\$ 14,410,904</u>

APPROVED:

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# WOODSTOCK HOSPITAL FOUNDATION

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

	General Fund		Restricted Fund		Total	
	2018	2017	2018	2017	2018	2017
<i>For the year ended December 31</i>						
<b>REVENUE</b>						
Bequests	\$ 22,000	\$ 213,158	\$ -	\$ -	\$ 22,000	\$ 213,158
Contributions	276,142	110,715	444,961	751,505	721,103	862,220
Community fundraising	9,647	9,778	121,816	124,471	131,463	134,249
Bingos and lotteries	2,687	3,134	-	-	2,687	3,134
Lifeline rentals	312,943	278,818	-	-	312,943	278,818
Investment income [Note 5]	(279,801)	717,956	-	22,226	(279,801)	740,182
	<u>343,618</u>	<u>1,333,559</u>	<u>566,777</u>	<u>898,202</u>	<u>910,395</u>	<u>2,231,761</u>
<b>EXPENSES</b>						
Advertising and promotion	25,627	3,309	-	9,927	25,627	13,236
Bingos and lotteries	1,551	1,498	14,117	13,849	15,668	15,347
Campaign	6,878	4,782	17,682	19,225	24,560	24,007
Community fundraising events	-	-	26,824	36,711	26,824	36,711
Office	28,251	6,959	-	20,879	28,251	27,838
Other	13,123	3,844	-	11,531	13,123	15,375
Salaries and wages	154,547	38,466	-	115,398	154,547	153,864
Lifeline	275,423	244,180	-	-	275,423	244,180
	<u>505,400</u>	<u>303,038</u>	<u>58,623</u>	<u>227,520</u>	<u>564,023</u>	<u>530,558</u>
Funds available for distribution	(161,782)	1,030,521	508,154	670,682	346,372	1,701,203
Less: Contributions to Woodstock General Hospital Trust [Note 8]	-	(551,847)	(144,442)	(448,153)	(144,442)	(1,000,000)
Excess of revenue over expenses for the year	(161,782)	478,674	363,712	222,529	201,930	701,203
Fund balances, beginning of year	<u>13,725,823</u>	<u>13,247,149</u>	<u>632,642</u>	<u>410,113</u>	<u>14,358,465</u>	<u>13,657,262</u>
Fund balances, end of year	<u>\$ 13,564,041</u>	<u>\$ 13,725,823</u>	<u>\$ 996,354</u>	<u>\$ 632,642</u>	<u>\$ 14,560,395</u>	<u>\$ 14,358,465</u>

See accompanying notes

# WOODSTOCK HOSPITAL FOUNDATION

## STATEMENT OF CASH FLOWS

<i>For the year ended December 31</i>	2018	2017
OPERATING ACTIVITIES		
Cash from operations:		
Excess of revenue over expenses for the year	\$ 201,930	\$ 701,203
Depreciation	27,597	25,615
Realized and unrealized gain on investments	<u>(350,271)</u>	<u>664,589</u>
	(120,744)	1,391,407
Increase in accounts receivable	(161)	(776)
Decrease (Increase) in HST receivable	3,571	(4,549)
Decrease in prepaid expenses	1,400	2,072
Decrease in due to Woodstock General Hospital Trust	(5,627)	(5,096)
Increase (Decrease) in accounts payable and accrued liabilities	<u>1,594</u>	<u>(3,130)</u>
	<u>(119,967)</u>	<u>1,379,928</u>
INVESTING ACTIVITIES		
Additions to capital assets	(34,466)	(30,384)
Increase in other assets	(21,503)	(21,511)
Decrease (Increase) in investments	<u>660,735</u>	<u>(1,173,948)</u>
	<u>604,766</u>	<u>(1,225,843)</u>
INCREASE IN CASH	484,799	154,085
CASH - BEGINNING OF YEAR	<u>329,329</u>	<u>175,244</u>
CASH - END OF YEAR	<u>\$ 814,128</u>	<u>\$ 329,329</u>

# WOODSTOCK HOSPITAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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*December 31, 2018*

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### 1. PURPOSE OF ORGANIZATION

The Woodstock Hospital Foundation (the "Foundation") is incorporated under the laws of Ontario as a corporation without share capital. The Foundation receives, accumulates and distributes funds and the income for the benefit of the Woodstock General Hospital Trust.

The Foundation is a public foundation registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. To maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation:

The accounting policies of Woodstock Hospital Foundation ("the Foundation") are in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant.

#### Fund Accounting:

To ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of "fund accounting". Resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers may be necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded as a component of changes in fund balances.

For financial reporting purposes, the accounts have been classified into the following funds:

#### General Fund:

The General Fund accounts for the Foundation's general fundraising, receiving of grants and administrative activities. The General Fund reports unrestricted resources available for immediate purposes.

#### Restricted Fund:

The Restricted Fund consists of funds that have been externally restricted by donors. The purpose of the Restricted Fund is to distribute, as specified, donor requested contributions and to fund costs associated with the fundraising events that generate any donor restricted contributions. The costs include fundraising costs and any directly related office expenses. In the prior years, a portion of salaries and office expense were allocated to the restricted funds.



# WOODSTOCK HOSPITAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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*December 31, 2018*

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### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Cash and cash equivalents:

Cash and cash equivalents consist of cash deposits. Cash and investments meeting the definition of cash and cash equivalents that are held for investing rather than liquidity purposes are classified as investments.

#### Revenue Recognition:

- i) Donor restricted contributions are recognized as revenue of the restricted fund when received.
- ii) Interest and dividend income, and operating expenses are recorded as earned or incurred. Investment income is allocated to the various funds on a pro-rata basis, unless directed otherwise.
- iii) Unrestricted contributions are recognized as revenue of the General Fund. Contributions are recognized in revenue when received or receivable.
- iv) Life insurance policies that have named the Foundation as owner/beneficiary are recorded at the cash surrender value of the policy. The increase in cash surrender value from year to year is recorded as investment income to the General Fund.
- v) Pledges are recorded on a cash basis as they are not legally enforceable claims.

#### Investments:

The investments are presented at their fair values using quoted market prices as at December 31, 2018. Interest, dividends, realized and unrealized gains are recorded as investment income and included in net income for the year. Investment income is allocated to the General fund. In the prior years, the investment income was allocated between the General and Restricted funds based on the respective percentage of the fund's share of the opening fund balance for the year.

#### Capital Assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Lifeline equipment is amortized on a straight-line method over seven years.

#### Use of Estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### Contributed materials and services:

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

# WOODSTOCK HOSPITAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

*December 31, 2018*

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Allocation of expenses:

Direct fundraising expenses represent expenses and costs of any personnel that are directly related to these activities. No costs of personnel in general fundraising or and administrative expenses are included in these balances. General fundraising and administrative expenses are not allocated to the Restricted fund. In the prior years, the general fundraising and administrative expenses were allocated to the Restricted fund based on an estimate by management of personnel time.

### 3. OTHER ASSETS

	<u>2018</u>	<u>2017</u>
Cash surrender value of life insurance policies	\$ 558,014	\$ 541,741
Artwork and collectibles held in inventory	<u>47,928</u>	<u>42,698</u>
	<u>\$ 605,942</u>	<u>\$ 584,439</u>

The existing life insurance policies at December 31, 2018 have a value upon the death of the insured of approximately \$1,065,000 (2017 - \$1,065,000).

### 4. INVESTMENTS

	<u>2018</u>	<u>2017</u>
Cash	\$ 50,063	\$ 37,307
Bonds	4,239,356	4,104,831
Mutual funds - equities	<u>8,797,731</u>	<u>9,255,478</u>
	<u>\$ 13,087,150</u>	<u>\$ 13,397,616</u>

The bonds bear interest at rates varying between 1.45% and 2.40% per annum.

### 5. INVESTMENT INCOME

	<u>2018</u>	<u>2017</u>
Interest	\$ 70,469	\$ 75,593
Realized and unrealized investment gains, net of investment management fees	<u>(350,270)</u>	<u>664,589</u>
	<u>\$ (279,801)</u>	<u>\$ 740,182</u>

# WOODSTOCK HOSPITAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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December 31, 2018

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### 6. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2018 Net</u>	<u>2017 Net</u>
Lifeline equipment	\$ <u>325,836</u>	\$ <u>247,408</u>	\$ <u>78,428</u>	\$ <u>71,560</u>

### 7. DUE TO WOODSTOCK GENERAL HOSPITAL TRUST

This amount represents expenses paid by the Woodstock General Hospital Trust on behalf of the Foundation and not yet repaid by the Foundation at year-end.

### 8. CONTRIBUTIONS TO WOODSTOCK GENERAL HOSPITAL TRUST

During the year the Foundation transferred funds to the Woodstock General Hospital Trust subject to restrictions provided by the donors. Amount contributed to the Woodstock General Hospital Trust included funds to purchase new equipment for the hospital.

### 9. GENERAL FUND

The Foundation's general fund consists of \$78,428 (2017 - \$71,560) invested in capital assets. During the year, the Foundation invested \$34,466 (2017 - \$30,384) in capital assets and recorded depreciation expense of \$27,597 (2017 - \$25,615).

### 10. CAPITAL MANAGEMENT

In managing capital, the Foundation focuses on liquid resources available for operations and accumulation of wealth to support the purchase of required capital equipment. Capital is invested under the direction of the Board of Directors with the objective of providing a reasonable rate of return, minimizing investment risk and ensuring adequate liquid investments are available for current cash flow requirements. As at December 31, 2018, the Foundation has met its objectives.

### 11. PLEDGES RECEIVABLE

At December 31, 2018, the Foundation has received pledges from one donor totaling approximately \$20,500 (2017 - \$13,000). These pledges have not been recorded in the accompanying financial statements as outlined in note 2.

### 12. COMPARATIVE FIGURES

Certain prior year comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

# WOODSTOCK HOSPITAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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*December 31, 2018*

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### 13. FINANCIAL INSTRUMENTS

#### Fair Value

The Foundation has various financial instruments including cash, accounts receivable, HST receivable, prepaid expenses, investments, due to Woodstock General Hospital Trust, accounts payable and accrued liabilities and deferred lottery proceeds. Due to their short-term maturity, except for investments, book values approximate fair market value. Investments are presented at their fair market value as disclosed in the "Investments" paragraph in note 2.

Transacting in financial instruments exposes the Foundation to certain financial risks and uncertainties. These risks include:

#### Credit Risk

The Foundation is not subject to credit risk as pledge receivables are not recorded in the financial statements. Pledges are recorded on a cash basis as they are not legally enforceable.

#### Currency Risk

Currency risk refers to the risk that the fair value of financial instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The functional currency of the Foundation is the Canadian dollar. The Foundation holds a small portion of its investments in US dollars. The Foundation has an Investment policy that details the target mix of investment types designated to achieve the optimum return with reasonable risk tolerance. The Foundation does not use derivative financial instruments to alter the effects of this risk.

#### Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments will fluctuate due to changes in market interest rates. The Foundation's objective with respect to its investments in fixed income investments is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory investment return.

#### Market Risk

Market risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market prices. The Foundation's investment policy has established a target mix of investment types designated to achieve the optimum return with reasonable risk tolerance.

#### Liquidity Risk

Liquidity risk refers to the risk that the Foundation will not be able to meet its financial obligations as they come due. Liquidity risk also include the risk of the Foundation not being able to liquidate assets in a timely manner at a reasonable price. The Foundation meets its liquidity requirements by maintaining cash balances sufficient to meet cash flow requirements and holding significant investments that can readily be converted into cash.