

Financial Statements of

**ORILLIA SOLDIERS' MEMORIAL
HOSPITAL FOUNDATION**

And Independent Auditor's Report thereon

Year ended March 31, 2023



KPMG LLP
1760 Regent Street Unit 4
Sudbury ON P3C 1X3
Canada
Tel 705-675-8500
Fax 705-675-7586

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors of Orillia Soldiers' Memorial Hospital Foundation

Opinion

We have audited the financial statements of Orillia Soldiers' Memorial Hospital Foundation (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations and changes in fund balances 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.



Page 3

- 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 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

September 28, 2023

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	General Fund	Restricted Fund	Endowment Funds	2023	2022
Assets					
Cash (note 2)	\$ 4,304,781	-	151,709	4,456,490	1,443,371
Accounts receivable	88,424	-	-	88,424	245,327
Prepaid expenses	46,296	-	-	46,296	55,067
Inventory	-	-	-	-	17,390
	4,439,501	-	151,709	4,591,210	1,761,155
Investments (note 3)	8,153,672	-	3,152,216	11,305,888	10,626,561
Capital assets (note 4)	1,269,432	-	-	1,269,432	1,260,012
Due (to) from general fund (note 5)	(6,733,827)	6,717,113	16,714	-	-
	\$ 7,128,778	6,717,113	3,320,639	17,166,530	13,647,728
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 35,284	-	-	35,284	167,403
Deferred revenue	88,835	-	-	88,835	33,250
Payable to Orillia Soldiers' Memorial Hospital (note 6)	3,260,529	-	-	3,260,529	826,457
	3,384,648	-	-	3,384,648	1,027,110
Fund balances:					
Externally restricted	-	6,717,113	3,320,639	10,037,752	10,742,585
Unrestricted	3,744,130	-	-	3,744,130	1,878,033
	3,744,130	6,717,113	3,320,639	13,781,882	12,620,618
	\$ 7,128,778	6,717,113	3,320,639	17,166,530	13,647,728

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances

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

	2023		2022		Endowment Funds						2023	2022
	General Fund		Restricted Fund		Education		Family Practice		Designated		Total	Total
Revenue:												
Donations	\$ 872,236	1,034,646	3,055,670	1,806,465	14,521	16,274	-	-	37,592	229,154	3,980,019	3,086,539
Bequests	1,727,236	1,389,398	-	-	-	-	-	-	-	-	1,727,236	1,389,398
Signature events	526,126	300,261	-	-	-	-	-	-	-	-	526,126	300,261
Lottery	618,055	542,415	-	-	-	-	-	-	-	-	618,055	542,415
Investment income	310,608	226,445	-	-	53,152	40,124	3,812	2,847	52,799	37,139	420,371	306,555
Unrealized investment gain (loss)	(227,784)	156,138	-	-	(49,793)	66,585	(3,531)	4,749	(48,060)	51,277	(329,168)	278,749
Rental income	31,228	19,673	-	-	-	-	-	-	-	-	31,228	19,673
Other income	28,346	36,474	-	-	-	-	-	-	-	-	28,346	36,474
	3,886,051	3,705,450	3,055,670	1,806,465	17,880	122,983	281	7,596	42,331	317,570	7,002,213	5,960,064
Expenses:												
General and office	21,813	11,389	-	-	-	-	-	-	-	-	21,813	11,389
General fundraising	52,080	44,126	-	-	-	-	-	-	-	-	52,080	44,126
Promotion, advertising and marketing	77,568	71,769	-	-	-	-	-	-	-	-	77,568	71,769
Insurance	11,950	9,303	-	-	-	-	-	-	-	-	11,950	9,303
Legal, accounting and professional fees	111,464	49,518	-	-	-	-	-	-	-	-	111,464	49,518
Meeting, education, dues and travel	46,574	20,330	-	-	-	-	-	-	-	-	46,574	20,330
Wages and benefits	1,074,322	808,278	-	-	-	-	-	-	-	-	1,074,322	808,278
Campaign	61,278	107,141	-	-	-	-	-	-	-	-	61,278	107,141
Signature events	92,750	62,257	-	-	-	-	-	-	-	-	92,750	62,257
Direct mail	67,311	89,555	-	-	-	-	-	-	-	-	67,311	89,555
Lottery	422,387	331,363	-	-	-	-	-	-	-	-	422,387	331,363
Property and occupancy	33,146	32,546	-	-	-	-	-	-	-	-	33,146	32,546
Investment management	39,344	33,803	-	-	8,517	8,617	604	612	8,254	7,701	56,719	50,733
Donations - other	4,360	6,703	-	-	2,000	2,000	-	-	-	-	6,360	8,703
Amortization of capital assets	61,047	44,509	-	-	-	-	-	-	-	-	61,047	44,509
	2,177,394	1,722,590	-	-	10,517	10,617	604	612	8,254	7,701	2,196,769	1,741,520
Excess of revenue over expenses before undernoted items	1,708,657	1,982,860	3,055,670	1,806,465	7,363	112,366	(323)	6,984	34,077	309,869	4,805,444	4,218,544
Other items:												
Transfer to Orillia Soldiers' Memorial Hospital	(151,191)	(576,150)	(3,485,701)	(2,020,961)	(7,288)	(17,069)	-	-	-	-	(3,644,180)	(2,614,180)
Loss on disposal of capital assets	-	(153)	-	-	-	-	-	-	-	-	-	(153)
Excess of revenue over expenses	1,557,466	1,406,557	(430,031)	(214,496)	75	95,297	(323)	6,984	34,077	309,869	1,161,264	1,604,211
Fund balances, beginning of year	1,878,033	3,773,843	7,583,585	4,571,563	1,545,578	1,465,578	110,789	103,719	1,502,633	1,101,704	12,620,618	\$ 11,016,407
Interfund transfers (note 7)	308,631	(3,302,367)	(436,441)	3,226,518	453	(15,297)	1,200	86	126,157	91,060	-	-
Fund balances, end of year	\$ 3,744,130	1,878,033	6,717,113	7,583,585	1,546,106	1,545,578	111,666	110,789	1,662,867	1,502,633	13,781,882	12,620,618

ORILLIA SOLDIERS' MEMORIAL HOSPITAL 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	\$ 1,161,264	1,604,211
Adjustments for:		
Loss on disposal of capital assets	-	153
Amortization of capital assets	61,047	44,509
Unrealized gain on investments	329,168	(278,749)
	1,551,479	1,370,124
Changes in non-cash working capital:		
Accounts receivable	156,903	(89,236)
Prepaid expenses	8,771	(22,820)
Inventory	17,390	8,182
Accounts payable and accrued liabilities	(132,119)	121,427
Deferred revenue	55,585	(32,140)
Payable to Orillia Soldiers' Memorial Hospital	2,434,072	709,327
	4,092,081	2,064,864
Investing activities:		
Increase in investments	(1,008,495)	(1,701,844)
Purchase of capital assets	(70,467)	(743,472)
	(1,078,962)	(2,445,316)
Net decrease in cash	3,013,119	(380,452)
Cash, beginning of year	1,443,371	1,823,823
Cash, end of year	\$ 4,456,490	1,443,371

See accompanying notes to financial statements.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

The Orillia Soldiers' Memorial Hospital Foundation (the "Foundation") was incorporated without share capital under the laws of Ontario. 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 Orillia Soldiers' Memorial Hospital. The fund balances and operations of the Foundation are ultimately for the benefit of the Orillia Soldiers' Memorial Hospital. The Foundation is an independent legal entity from the Hospital and therefore these financial statements have not been consolidated with the Hospital.

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 that are to be used for designated purposes specified by the donor.

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund is reported as income of the Fund.

- (i) The Education Endowment Fund has been established to support staff, physician and general education for Orillia Soldiers' Memorial Hospital. The education endowment categories are the Linda Lewis, Brian McGugan, Michael "Keyman" McParland, Sheila MacFeeters, Reid Family Scholarship and general use.
- (ii) The Dr. A. Charles Baillie & Mr. Wm. A. Hume Family Practice Fund has been established for the purpose of supporting physician recruitment.
- (iii) The Designated Endowment Fund has been established to support various programs within the hospital in memory of Aidan and Brent Hammill, William Blair Ashmore, Rosemary and Brian Turnbull, Donald Kendall, Mike Dodd and Miles Hammond.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

1. Significant accounting policies (continued):

(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.

- Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the donor.
- Contributions including pledges and donations are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.
- In-kind donations are recorded at their appraised value.

(c) Contributed services:

Contributions of services are not recognized in the financial statements.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are amortized on a straight-line basis over their estimated useful life as follows:

	Estimated Useful Lives - Years
Buildings	25
Building improvements	10
Parking lot improvements	15
Computer equipment	3
Computer software	2
Furniture and equipment	10

(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. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. 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.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

1. Significant accounting policies (continued):

(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.

2. Cash:

The Foundation's bank accounts are held at one chartered bank. The bank accounts earn interest at a variable rate.

3. Investments:

Investments consist of:

	2023		2022	
	Cost	Market Value	Cost	Market Value
Guaranteed investment certificates	\$ 1,000,000	\$ 1,000,000	\$ 300,000	\$ 300,000
Equity and fixed income	10,209,192	10,290,925	9,914,691	10,325,591
Accrued interest	14,963	14,963	970	970
	<u>\$ 11,224,155</u>	<u>\$ 11,305,888</u>	<u>\$ 10,215,661</u>	<u>\$ 10,626,561</u>

The guaranteed investment certificates earn interest at a rate of 5.05% and mature December 13th, 2023.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

4. Capital assets:

	2023		
	Cost	Accumulated amortization	Net book value
Land	\$ 350,000	\$ –	350,000
Buildings and parking lot improvements	1,180,158	301,069	879,089
Computer equipment	51,938	30,094	21,844
Furniture and equipment	44,995	26,496	18,499
Computer software	21,798	21,798	–
	<u>\$ 1,648,889</u>	<u>\$ 379,457</u>	<u>\$1,269,432</u>

	2022		
	Cost	Accumulated amortization	Net book value
Land	\$ 350,000	\$ –	350,000
Buildings and parking lot improvements	1,123,203	251,012	872,191
Computer equipment	43,060	22,300	20,760
Furniture and equipment	40,362	23,301	17,061
Computer software	21,798	21,798	–
	<u>\$ 1,578,423</u>	<u>\$ 318,411</u>	<u>\$1,260,012</u>

5. Due (to) from general fund:

The due (to) from General Fund represent the portion of investments relating to Restricted Fund. As the Foundation does not segregate investments between the General Fund and Restricted Fund, the amount of Restricted Fund investments is shown as a receivable from the General Fund.

6. Related party transactions:

The Foundation receives and maintains funds to support equipment, programs and education at Orillia Soldiers' Memorial Hospital. During the year, the Foundation transferred \$3,644,180 (2022 - \$2,614,180) to the Orillia Soldiers' Memorial Hospital.

At year end, there was a balance of \$3,260,429 (2022 - \$826,457) due to Orillia Soldiers' Memorial Hospital.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

7. Interfund transfers:

Interfund transfers represent donations and other revenues transferred between the General Fund, Restricted Fund and Endowment Funds, net of internal cost allocations and other adjustments. As of March 31, 2023, the Foundation has allocated \$3,500,000 from the general fund to the restricted fund for the future hospital project.

8. Financial risk and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk with respect to the accounts receivable. The Foundation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2022.

(c) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Foundation's financial instruments are carried at fair value with fair value changes recognized in the statement of operations and changes in fund balances, all changes in market conditions will directly result in an increase (decrease) in the excess of revenue over expenses. Market price risk is managed by the Foundation through a diversified portfolio of instruments traded on various markets and across various industries.

(d) Interest rate risk:

Interest rate risk is the risk that the market value of the Foundation's investments will fluctuate due to changes in market interest rates. To properly manage the Foundation's interest rate risk, appropriate guidelines on the weighting of bonds and other fixed income investments are set and monitored. The Foundation's investments in fixed income are sensitive to interest rate movements.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

9. Capital disclosures:

The Foundation considers its capital to be its fund balances, including general, restricted and endowment fund balances. The Foundation receives externally restricted donations from numerous donors to be used for specific purposes. These funds are maintained and disbursed under the terms of the relevant funding restrictions and management is responsible for adhering to the provisions of these restrictions.

In managing its capital, the Foundation's primary objective is to fundraise in support of Orillia Soldiers' Memorial Hospital in order to safeguard its ability to continue as a going concern so it can continue to fulfill its mandate. The Foundation has developed specific investment policies to maintain its capital based on the intended purpose of the funds. In addition, annual budgets are developed and monitored to ensure the capital of the Foundation is maintained at an appropriate level.