

Collingwood General & Marine Hospital Foundation
Financial Statements
For the year ended December 31, 2022

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Financial Statements
For the year ended December 31, 2022

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Independent Auditor's Report

**To the Members of
Collingwood General & Marine Hospital Foundation**

Qualified Opinion

We have audited the financial statements of Collingwood General & Marine Hospital Foundation, which comprise the statement of financial position as at December 31, 2022, 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 matters 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 Collingwood General & Marine Hospital Foundation as at December 31, 2022, and its financial performance and 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 charitable organizations, the Foundation derives revenues from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Collingwood General & Marine Hospital Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenues over expenses and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021 and fund balances as at December 31, 2022. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified 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 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

Collingwood, Ontario
March 23, 2023

**Collingwood General & Marine Hospital Foundation
Statement of Financial Position**

December 31

2022

2021

	New Age of Care Fund	General Fund	Dr. A.R. Stephen Capital Fund	Education Endowment Fund	Building Fund	Total	Total
Assets							
Current							
Cash	\$ 54,004	\$ 4,271,766	\$ -	\$ -	\$ 429,563	\$ 4,755,333	\$ 4,738,299
Accounts receivable	-	80,040	1,648	-	409	82,097	75,485
Prepaid expenses	-	19,773	-	-	3,374	23,147	47,293
	54,004	4,371,579	1,648	-	433,346	4,860,577	4,861,077
Long-term							
Guaranteed investment certificates (Note 3)	-	-	-	-	692,088	692,088	293,828
Investments (Note 2)	-	-	21,968,624	1,215,664	-	23,184,288	26,492,284
	\$ 54,004	\$ 4,371,579	\$ 21,970,272	\$ 1,215,664	\$ 1,125,434	\$ 28,736,953	\$ 31,647,189

See Note 1 for description of funds.

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

**Collingwood General & Marine Hospital Foundation
Statement of Financial Position**

December 31

2022

2021

Liabilities and Net Assets

	New Age of Care Fund	General Fund	Dr. A.R. Stephen Capital Fund	Education Endowment Fund	Building Fund	Total	Total
Current							
Due to (from) other funds (Note 4)	\$ (51,828)	\$ (208,793)	\$ (40,402)	\$ 4,281	\$ 296,742	\$ -	\$ -
Accounts payable and accrued liabilities (Note 5)	-	101,501	20,132	-	-	121,633	230,716
Employee future benefits (Note 6)	-	70,400	-	-	-	70,400	65,000
	(51,828)	(36,892)	(20,270)	4,281	296,742	192,033	295,716
Fund balances							
Externally restricted	-	-	-	1,211,383	828,692	2,040,075	2,456,572
Internally restricted	105,832	-	21,990,542	-	-	22,096,374	25,090,146
Unrestricted	-	4,408,471	-	-	-	4,408,471	3,804,755
	105,832	4,408,471	21,990,542	1,211,383	828,692	28,544,920	31,351,473
	\$ 54,004	\$ 4,371,579	\$ 21,970,272	\$ 1,215,664	\$ 1,125,434	\$ 28,736,953	\$ 31,647,189

Approved on behalf of the Board:


 _____ Director

 _____ Director

See Note 1 for description of funds.
The accompanying notes are an integral part of these financial statements.

Collingwood General & Marine Hospital Foundation Statement of Operations and Changes in Fund Balances

For the year ended December 31

2022

2021

	New Age of Care Fund	General Fund	Dr. A.R. Stephen Capital Fund	Education Endowment Fund	Building Fund	Total	Total
Revenue							
Donations and fundraising	\$ 95,000	\$ 4,299,170	\$ 1,907,475	\$ -	\$ 41,534	\$ 6,343,179	\$ 4,455,161
Investment income	827	75,706	1,072,862	60,651	21,162	1,231,208	1,781,526
Market value increase (decrease)	-	-	(4,096,674)	(237,396)	-	(4,334,070)	1,267,562
	95,827	4,374,876	(1,116,337)	(176,745)	62,696	3,240,317	7,504,249
Expenses							
Administrative expenses (Schedule 1)	-	876,896	89,179	4,281	298,167	1,268,523	1,175,515
Excess (deficiency) of revenues over expenses for the year	95,827	3,497,980	(1,205,516)	(181,026)	(235,471)	1,971,794	6,328,734
Fund balances, beginning of year	35,005	3,804,755	25,055,141	1,392,409	1,064,163	31,351,473	26,331,511
Interfund transfers	-	1,859,083	(1,859,083)	-	-	-	-
Donations to the Hospital (Note 5)	(25,000)	(4,753,347)	-	-	-	(4,778,347)	(1,308,772)
Fund balances, end of year	\$ 105,832	\$ 4,408,471	\$ 21,990,542	\$ 1,211,383	\$ 828,692	\$ 28,544,920	\$ 31,351,473

See Note 1 for description of funds.

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

Collingwood General & Marine Hospital Foundation Statement of Cash Flows

For the year ended December 31

2022

2021

Cash flows from (used in)

	New Age of Care Fund	General Fund	Dr. A.R. Stephen Capital Fund	Education Endowment Fund	Building Fund	Total	Total
Operating activities							
Excess (deficiency) of revenue over expenses for the year	\$ 95,827	\$ 3,497,980	\$ (1,205,516)	\$ (181,026)	\$ (235,471)	\$ 1,971,794	\$ 6,328,734
Items not involving cash							
Market value (increase) decrease	-	-	4,096,674	237,396	-	4,334,070	(1,267,562)
	95,827	3,497,980	2,891,158	56,370	(235,471)	6,305,864	5,061,172
Changes in non-cash working capital balances							
Accounts receivable	-	(5,847)	(479)	-	(286)	(6,612)	3,434
Interest receivable	-	-	-	-	1,739	1,739	(2,136)
Prepaid expenses	-	27,520	-	-	(3,374)	24,146	4,768
Accounts payable	-	(129,215)	20,132	-	-	(109,083)	50,984
Employee future benefits	-	5,400	-	-	-	5,400	5,700
	95,827	3,395,838	2,910,811	56,370	(237,392)	6,221,454	5,123,922
Investing and financing activities							
Purchase of investments	-	-	(1,052,313)	(60,651)	(400,000)	(1,512,964)	(4,216,060)
Sale of investments	-	-	82,226	4,665	-	86,891	322,066
Interfund transfers	-	1,859,083	(1,859,083)	-	-	-	-
Donations to the Hospital	(25,000)	(4,753,347)	-	-	-	(4,778,347)	(1,308,772)
Due to (from) other funds	(103,656)	(25,345)	(81,641)	(384)	211,026	-	-
	(128,656)	(2,919,609)	(2,910,811)	(56,370)	(188,974)	(6,204,420)	(5,202,766)
Increase (decrease) in cash during the year	(32,829)	476,229	-	-	(426,366)	17,034	(78,844)
Cash position, beginning of the year	86,833	3,795,537	-	-	855,929	4,738,299	4,817,143
Cash position, end of the year	\$ 54,004	\$ 4,271,766	\$ -	\$ -	\$ 429,563	\$ 4,755,333	\$ 4,738,299

See Note 1 for description of funds.

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

Collingwood General & Marine Hospital Foundation

Notes to Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization

Collingwood General & Marine Hospital Foundation (the Foundation) is a not-for-profit organization, incorporated without share capital, under the laws of Ontario.

The purpose of the Foundation is to receive, accumulate and distribute funds and/or the income therefrom for the benefit of the Collingwood General and Marine Hospital (the Hospital).

The Foundation is a registered charity under the Income Tax Act and as such is tax 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.

Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions.

The New Age of Care Fund holds pledge payments to the New Age of Care Campaign (2012 - 2014). The purpose of the New Age of Care Campaign was to fund the purchase of approximately \$6.5 million in diagnostic imaging technology and \$3.5 million investment in the advancement of the Hospital Electronic Medical Record (EMR).

The General Fund reports resources available for the Foundation's program delivery and the purchase of capital equipment. This fund reports unrestricted resources.

The Dr. A.R. Stephen Capital Fund holds "planned gifts" (i.e. bequests, life insurance policies, etc.) and income generated by the fund which are endowed at the direction of the Foundation's Board of Directors (the Board) for the purpose of equipment replacement. The fund includes a number of "named" endowment funds directed by the donors for specific purposes.

The Education Endowment Fund reports resources available for Physician and staff education programs on health and wellness. Investment income earned is reported as income in the fund. These funds were raised through the Your Future Fund Campaign (2000 - 2001) and have been endowed at the direction of the donors.

The Building Fund reports resources available for facility expansion as designated by the donors beginning in 2016. Investment income earned is reported as income in the fund.

Continued...

Collingwood General & Marine Hospital Foundation

Notes to Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition	<p>Restricted and unrestricted contributions are recognized as revenue in the appropriate fund when received.</p> <p>Fundraising revenue is recognized when the event is completed and all funds are collected.</p> <p>Investment income earned on restricted and unrestricted funds is reported as revenue in the appropriate fund when realized.</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 amounts of revenues and expenses during the reporting period.</p> <p>The amounts recorded for employee future benefits are based on management's best estimates. Actual results could differ from management's best estimate as additional information becomes available.</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 net income. 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> <p>All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.</p>

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Collingwood General & Marine Hospital Foundation Notes to Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Contributed Materials Contributed materials are recognized at fair value at the time the contributions are received.

2. Dr. A.R. Stephen Capital Fund and Education Endowment Fund Investments

The Foundation's pooled trust investments are accounted for on the market basis utilizing financial information of Jarislowsky, Fraser Global Balanced Fund and Connor Clark & Lunn Private Capital.

Fund allocation consist of the following:

	2022	2021
Dr. A.R. Stephen Capital Fund	\$ 21,968,624	\$ 25,095,211
Education Endowment Fund	1,215,664	1,397,073
	\$ 23,184,288	\$ 26,492,284

Activity during the year consist of the following:

	2022	2021
Market value, beginning of year	\$ 26,492,284	\$ 21,337,879
Additional investment	-	2,365,684
Redemption of units	(86,891)	(227,066)
Investment income	1,133,513	1,762,808
Fees	(20,548)	(14,583)
Unrealized gain (loss)	(4,334,070)	1,267,562
Market value, end of year	\$ 23,184,288	\$ 26,492,284

Investments consist of the following:

	2022	2021
Equity	58.8 %	62.1 %
Bonds	34.5 %	34.6 %
Cash	6.7 %	2.3 %
Other	- %	1.0 %
	100.0 %	100.0 %

The investment fees from Connor Clark & Lunn Private Capital are taken directly from the fund through income received during the year. Jarislowsky, Fraser Global Balanced Fund fees are paid outside of the fund and therefore are not included in the fee listed above.

Collingwood General & Marine Hospital Foundation Notes to Financial Statements

December 31, 2022

3. Guaranteed Investment Certificates

The Foundation holds nine guaranteed investment certificates maturing between May 2023 and December 2026, bearing interest at a rate of 1.87% to 4.76%. Accrued interest totalling \$4,940 (2021 - \$6,680) is included in this balance.

4. Interfund Loans

During the year the Foundation received donations and financed expenditures for other funds using the General Fund. As a result, the Foundation's General Fund currently has outstanding interfund loans receivable at year end from the other funds for which there are no specified conditions or terms.

5. Related Party Transactions

The following table summarizes the Foundation's related party transactions for the year with the Collingwood General and Marine Hospital (the Hospital), which has significant influence over the Foundation:

	<u>2022</u>	<u>2021</u>
Expenses		
Salaries and benefits	\$ 724,968	\$ 765,924
Other expenses	11,650	39,848
 Donations to the Hospital	 4,778,347	 1,308,772

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

Amounts due to the Hospital not disclosed separately in these financial statements are as follows:

	<u>2022</u>	<u>2021</u>
Accounts payable and accrued liabilities	\$ 57,416	\$ 92,373

Collingwood General & Marine Hospital Foundation Notes to Financial Statements

December 31, 2022

6. Employee Future Benefits

The Foundation, as part of the Hospital's benefit plan, provides extended health care, dental benefits and life insurance to all employees. At December 31, 2022, the Foundation's future benefit obligation relating to post-retirement benefits using assumptions detailed in the actuarial valuation dated December 31, 2019 is \$70,400 (2021 - \$65,000). Significant fluctuations in anticipated healthcare costs are not expected to materially affect the accrued liability benefit. Actuarial valuations will be prepared every third year or when there are significant changes in staffing levels. The actuarial valuation was prepared for the Hospital and Foundation staff as a whole. Details of accrued benefit obligation, actuarial gains/losses and past service costs for the Foundation portion were not available.

The significant actuarial assumptions included in the actuarial report dated December 31, 2019 and adopted in estimating the Foundation's accrued benefit liability are as follows:

Discount Rate	3.10%
Dental Benefits Cost Escalation	3.00%
Extended Health Care Cost Escalation	5.37%

Employee benefit expense for 2022 includes \$5,400 (2021 - \$5,700) for employee future benefits.

7. Employee Pension Plan

The employees of the Foundation participate in the Healthcare of Ontario Pension Plan (the "HOOPP"). Although the HOOPP has a defined retirement benefit for employees, the related obligation of the Foundation cannot be identified. The HOOPP has several unrelated participating hospitals. During the year, the Foundation made contributions of \$80,637 (2021 - \$95,106) to the HOOPP.

8. Interest Income

Total interest income recognized in investment income during the year was \$75,706 (2021 - \$18,803).

Collingwood General & Marine Hospital Foundation

Notes to Financial Statements

December 31, 2022

9. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk arising from its cash and investments. The Canada Deposit Insurance Corporation (CDIC) insures Canadian current bank accounts and investments at a single financial institution to a maximum of \$100,000. The Foundation's operating account is held with one chartered bank with a balance above the insured limit. The Foundation's cash investments are held at one chartered bank but in individual accounts that are individually insured.

Market Risk

Market risk is the risk that the value of the investments will fluctuate as a result of changes in market price. The Foundation is exposed to market risk on its investments in pooled investments. The investments of the Foundation are subject to normal market fluctuations and to the risk inherent in investment in capital markets.

The Foundation is exposed to fluctuations in market prices of equities and fixed income investments, interest and foreign exchange rates, and credit risks on fixed income investments within pooled funds. These endowment funds are held at RBC Dexia Investor Services and are managed by Jarislowsky Fraser Limited and Connor Clark & Lunn in accordance with the investment policy approved by the Board. The investments are monitored on a quarterly basis.

The objective of the Foundation's investment policy is to control these risks with a balanced approach, with a diversified mix of equities and fixed income securities and cash.

Interest Rate Risk

Interest rate risk is the risk that the value of the investments will fluctuate as a result of changes in market interest rates. Interest rate risk arises when the Foundation invests in interest-bearing financial instruments, and therefore the Foundation is exposed to interest rate risk on its notes, bonds and guaranteed investment certificates.

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 derives its revenues from donations and investments, and donations and investment income are generally dependent on the economy.

**Collingwood General & Marine Hospital Foundation
Schedule 1 - Expenses**

For the year ended December 31

2022

2021

	New Age of Care Fund	General Fund	Dr. A.R. Dr Stephen Capital Fund	Education Endowment Fund	Building Fund	Total	Total
Expenses							
Advertising and fundraising	\$ -	\$ 262,176	\$ -	\$ -	\$ 2,962	\$ 265,138	\$ 128,327
Bank charges	-	39,828	-	-	37	39,865	43,249
Education and travel	-	30,486	-	-	-	30,486	17,439
Equipment maintenance	-	23,695	-	-	-	23,695	32,362
Investment management fees	-	-	89,179	4,281	-	93,460	91,583
Postage and office	-	65,517	-	-	94	65,611	76,465
Professional	-	10,624	-	-	9,276	19,900	14,466
Salaries and benefits	-	444,570	-	-	285,798	730,368	771,624
	\$ -	\$ 876,896	\$ 89,179	\$ 4,281	\$ 298,167	\$ 1,268,523	\$ 1,175,515