

Collingwood General & Marine Hospital Foundation
Financial Statements
For the year ended December 31, 2021

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Financial Statements
For the year ended December 31, 2021

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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, 2021, 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, 2021, 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, 2021 and 2020, current assets as at December 31, 2021 and 2020 and fund balances as at December 31, 2021. Our audit opinion on the financial statements for the year ended December 31, 2020 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.

Chartered Professional Accountants, Licensed Public Accountants

Collingwood, Ontario
March 25, 2022

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

December 31

2021

2020

	New Age of Care Fund	General Fund	Dr. A.R. Stephen Capital Fund	Education Endowment Fund	Building Fund	Total	Total
Assets							
Current							
Cash	\$ 86,833	\$ 3,795,537	\$ -	\$ -	\$ 855,929	\$ 4,738,299	\$ 4,817,143
Accounts receivable	-	74,194	1,169	-	122	75,485	78,916
Prepaid expenses	-	47,293	-	-	-	47,293	52,061
	86,833	3,917,024	1,169	-	856,051	4,861,077	4,948,120
Long-term							
Guaranteed investment certificates (Note 3)	-	-	-	-	293,828	293,828	284,544
Investments (Note 2)	-	-	25,095,211	1,397,073	-	26,492,284	21,337,879
	\$ 86,833	\$ 3,917,024	\$25,096,380	\$ 1,397,073	\$ 1,149,879	\$31,647,189	\$ 26,570,543

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

2021

2020

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	\$ (183,447)	\$ 41,239	\$ 4,664	\$ 85,716	\$ -	\$ -
Accounts payable and accrued liabilities (Note 5)	-	230,716	-	-	-	230,716	179,732
Employee future benefits (Note 6)	-	65,000	-	-	-	65,000	59,300
	<u>51,828</u>	<u>112,269</u>	<u>41,239</u>	<u>4,664</u>	<u>85,716</u>	<u>295,716</u>	<u>239,032</u>
Fund balances							
Externally restricted	-	-	-	1,392,409	1,064,163	2,456,572	2,279,207
Internally restricted	35,005	-	25,055,141	-	-	25,090,146	20,033,660
Unrestricted	-	3,804,755	-	-	-	3,804,755	4,018,644
	<u>35,005</u>	<u>3,804,755</u>	<u>25,055,141</u>	<u>1,392,409</u>	<u>1,064,163</u>	<u>31,351,473</u>	<u>26,331,511</u>
	<u>\$ 86,833</u>	<u>\$ 3,917,024</u>	<u>\$ 25,096,380</u>	<u>\$ 1,397,073</u>	<u>\$ 1,149,879</u>	<u>\$ 31,647,189</u>	<u>\$ 26,570,543</u>

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

2021

2020

	New Age of Care Fund	General Fund	Dr. A.R. Stephen Capital Fund	Education Endowment Fund	Building Fund	Total	Total
Revenue							
Donations and fundraising	\$ 120,100	\$ 3,462,248	\$ 772,269	\$ -	\$ 100,544	\$ 4,455,161	\$ 4,299,060
Investment income	787	18,803	1,654,491	93,734	13,711	1,781,526	725,793
Market value increase	-	-	1,197,186	70,376	-	1,267,562	1,100,768
	120,887	3,481,051	3,623,946	164,110	114,255	7,504,249	6,125,621
Expenses							
Administrative expenses (Schedule 1)	-	987,468	87,047	4,536	96,464	1,175,515	1,161,752
Excess of revenues over expenses for the year	120,887	2,493,583	3,536,899	159,574	17,791	6,328,734	4,963,869
Fund balances, beginning of year	155,811	4,018,644	19,877,849	1,232,835	1,046,372	26,331,511	23,588,379
Interfund transfers (Note 7)	-	(1,640,393)	1,640,393	-	-	-	-
Donations to the Hospital (Note 5)	(241,693)	(1,067,079)	-	-	-	(1,308,772)	(2,220,737)
Fund balances, end of year	\$ 35,005	\$ 3,804,755	\$25,055,141	\$ 1,392,409	\$ 1,064,163	\$31,351,473	\$ 26,331,511

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

2021

2020

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 of revenue over expenses for the year	\$ 120,887	\$ 2,493,583	\$ 3,536,899	\$ 159,574	\$ 17,791	\$ 6,328,734	\$ 4,963,869
Items not involving cash							
Market value increase	-	-	(1,197,186)	(70,376)	-	(1,267,562)	(1,100,768)
	120,887	2,493,583	2,339,713	89,198	17,791	5,061,172	3,863,101
Changes in non-cash working capital balances							
Accounts receivable	-	(4,801)	(1,169)	-	9,404	3,434	21,477
Interest receivable	-	-	-	-	(2,136)	(2,136)	-
Prepaid expenses	-	4,768	-	-	-	4,768	(32,516)
Accounts payable	-	53,451	-	-	(2,467)	50,984	57,964
Employee future benefits	-	5,700	-	-	-	5,700	4,800
	120,887	2,552,701	2,338,544	89,198	22,592	5,123,922	3,914,826
Investing and financing activities							
Purchase of investments	-	-	(4,020,177)	(93,734)	(102,149)	(4,216,060)	(1,086,829)
Sale of investments	-	-	227,066	-	95,000	322,066	255,238
Interfund transfers	-	(2,000,000)	2,000,000	-	-	-	-
Donations to the Hospital	(241,693)	(1,067,079)	-	-	-	(1,308,772)	(2,220,737)
Due to (from) other funds	(106,373)	601,555	(545,433)	4,536	45,715	-	-
	(348,066)	(2,465,524)	(2,338,544)	(89,198)	38,566	(5,202,766)	(3,052,328)
Increase (decrease) in cash during the year	(227,179)	87,177	-	-	61,158	(78,844)	862,498
Cash position, beginning of the year	314,012	3,708,360	-	-	794,771	4,817,143	3,954,645
Cash position, end of the year	\$ 86,833	\$ 3,795,537	\$ -	\$ -	\$ 855,929	\$ 4,738,299	\$ 4,817,143

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, 2021

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.

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Collingwood General & Marine Hospital Foundation

Notes to Financial Statements

December 31, 2021

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, 2021

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:

	2021	2020
Dr. A.R. Stephen Capital Fund	\$25,095,211	\$ 20,104,915
Education Endowment Fund	1,397,073	1,232,964
	\$26,492,284	\$ 21,337,879

Activity during the year consist of the following:

	2021	2020
Market value, beginning of year	\$21,337,879	\$ 19,405,520
Additional investment	2,365,684	412,119
Redemption of units	(227,066)	(255,238)
Investment income	1,748,225	674,710
Unrealized gain	1,267,562	1,100,768
	\$26,492,284	\$ 21,337,879

Investments consist of the following:

	2021	2020
Equity	62.1 %	64.9 %
Bonds	34.6 %	33.5 %
Cash	2.3 %	1.6 %
Other	1.0 %	- %
	100.0 %	100.0 %

3. Guaranteed Investment Certificates

The Foundation holds three guaranteed investment certificates maturing between May 2021 and May 2023, bearing interest at a rate of 1.87% to 2.57%. Accrued interest totalling \$6,680 (2020 - \$4,544) is included in this balance.

Collingwood General & Marine Hospital Foundation Notes to Financial Statements

December 31, 2021

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>2021</u>	<u>2020</u>
Expenses		
Salaries and benefits	\$ 765,924	\$ 700,796
Other expenses	39,848	33,430
 Donations to the Hospital	 1,308,772	 2,220,737

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>2021</u>	<u>2020</u>
Accounts payable and accrued liabilities	\$ 92,373	\$ 56,136

Collingwood General & Marine Hospital Foundation Notes to Financial Statements

December 31, 2021

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, 2021, the Foundation's future benefit obligation relating to post-retirement benefits using assumptions detailed in the actuarial valuation dated December 31, 2020 is \$65,000 (2020 - \$59,300). 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, 2020 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 2021 includes \$5,700 (2020 - \$4,800) for employee future benefits.

7. Interfund Transfers

In a previous year, the Board approved a transfer of \$45,000 from the Dr. A.R. Stephen Capital Fund to the New Age of Care Fund. This was the final transfer made between the funds, which represented the final transfer of the Board resolution.

8. Pledges Receivable

Pledges to the Foundation are recorded as revenue when received. Pledges are reviewed on a regular basis to determine collectability and written off if it is determined that the pledge has become uncollectible.

The outstanding pledges at year end are as follows:

	<u>2021</u>	<u>2020</u>
General Fund	\$ 255,968	\$ 367,479
New Age of Care Fund	300,000	420,000
Building Fund	25,982,217	23,869,061
	<u>\$26,538,185</u>	<u>\$ 24,656,540</u>

Collingwood General & Marine Hospital Foundation Notes to Financial Statements

December 31, 2021

9. 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 \$95,106 (2020 - \$92,938) to the HOOPP.

10. Interest Income

Total interest income recognized in investment income during the year was \$18,803 (2020 - \$33,489).

11. Uncertainty Due to COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020 the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Management is actively monitoring the situation on the Foundation's financial condition, liquidity, operations, suppliers, industry, and workforce. Management has postponed a number of the Foundation's signature fundraising events, but has shifted focus to promoting third-party fundraisers.

The COVID-19 outbreak continues to evolve as of the date of this report, resulting in uncertainty as to the magnitude of the full impact that the pandemic will have on the Foundation's financial condition and future revenues.

Collingwood General & Marine Hospital Foundation

Notes to Financial Statements

December 31, 2021

12. 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, is monitored on a quarterly basis, and is considered the method by which the Foundation manages the risk.

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

2021

2020

	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	\$ -	\$ 127,367	\$ -	\$ -	\$ 960	\$ 128,327	\$ 79,262
Bank charges	-	43,224	-	-	25	43,249	44,486
Education and travel	-	13,771	-	-	3,668	17,439	14,260
Equipment maintenance	-	29,763	-	-	2,599	32,362	23,558
Investment management fees	-	-	87,047	4,536	-	91,583	68,800
Postage and office	-	75,997	-	-	468	76,465	102,979
Professional	-	11,111	-	-	3,355	14,466	122,811
Salaries and benefits	-	686,235	-	-	85,389	771,624	705,596
	\$ -	\$ 987,468	\$ 87,047	\$ 4,536	\$ 96,464	\$ 1,175,515	\$ 1,161,752