

Financial Statements of

**WDMH FOUNDATION**

(formerly Winchester District Memorial  
Hospital Foundation)

And Independent Auditors' Report thereon

Year ended March 31, 2020



KPMG LLP  
150 Elgin Street, Suite 1800  
Ottawa ON K2P 2P8  
Canada  
Telephone 613-212-5764  
Fax 613-212-2896

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of the WDMH Foundation

### ***Opinion***

We have audited the financial statements of the WDMH Foundation, which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and 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 WDMH Foundation as at March 31, 2020, 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 responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the WDMH 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 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 WDMH 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 WDMH Foundation or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' 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 auditors' 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 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 WDMH 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 WDMH 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 auditors' 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 auditors' report. However, future events or conditions may cause the WDMH 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.
- 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

Ottawa, Canada

May 20, 2020

# WDMH FOUNDATION

## Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash	\$ 2,568,597	\$ 1,820,904
Accounts receivable	13,365	14,451
Prepaid expenses and deposits	16,489	14,626
	<u>2,598,451</u>	<u>1,849,981</u>
Investments (note 3)	90,419	88,567
	<u>\$ 2,688,870</u>	<u>\$ 1,938,548</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Payable to related parties (note 4)	\$ 231,325	\$ 95,479
Other payables	8,440	4,147
Deferred revenue (note 5)	500	600
	<u>240,265</u>	<u>100,226</u>
Net assets (note 6):		
Restricted	1,079,666	1,143,160
Unrestricted	1,368,939	695,162
	<u>2,448,605</u>	<u>1,838,322</u>
Commitments (note 7)		
	<u>\$ 2,688,870</u>	<u>\$ 1,938,548</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# WDMH FOUNDATION

## Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	Restricted	Unrestricted	2020	2019
<b>Revenue:</b>				
Signature events	\$ 6,372	\$ 63,397	\$ 69,769	\$ 60,707
Third party events	71,139	4,070	75,209	68,245
Direct mail	236,193	58,380	294,573	234,058
Other donations	386,585	1,488,018	1,874,603	1,140,126
Other revenue	28,497	43,871	72,368	29,766
Investment	2,219	–	2,219	1,789
Gifts in Kind	4,429	–	4,429	–
	<u>735,434</u>	<u>1,657,736</u>	<u>2,393,170</u>	<u>1,534,691</u>
<b>Expenses:</b>				
Salaries and benefits	–	286,225	286,225	228,734
Other	20,159	76,388	96,547	95,753
Direct mail	23,275	14,966	38,241	53,661
Signature events	2,266	30,084	32,350	30,548
Software maintenance	–	12,155	12,155	8,177
Office supplies	–	13,817	13,817	8,836
Third party events	2,006	787	2,793	729
Donor relations	–	4,679	4,679	4,736
	<u>47,706</u>	<u>439,101</u>	<u>486,807</u>	<u>431,174</u>
<b>Excess of revenue over expenses before donation</b>				
	687,728	1,218,635	1,906,363	1,103,517
<b>Donation to the Hospital (note 4)</b>				
	751,222	544,858	1,296,080	627,545
<b>Excess (deficiency) of revenue over expenses</b>				
	\$ (63,494)	\$ 673,777	\$ 610,283	\$ 475,972

See accompanying notes to financial statements.

# WDMH FOUNDATION

## Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

	Restricted	Unrestricted	2020 Total	2019 Total
Net assets, beginning of the year	\$ 1,143,160	\$ 695,162	\$ 1,838,322	\$ 1,362,350
Excess (deficiency) of revenue over expenses	(63,494)	673,777	610,283	475,972
Net assets, end of year	\$ 1,079,666	\$ 1,368,939	\$ 2,448,605	\$ 1,838,322

See accompanying notes to financial statements.

# WDMH FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used for):		
Cash from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 610,283	\$ 475,972
Change in non-cash operating working capital:		
Decrease in accounts receivable	1,086	1,601
Decrease (increase) in prepaid expenses	(1,863)	6,583
Increase in payable to related parties	135,846	46,705
Increase (decrease) in other payables	4,293	(4,278)
Decrease in deferred revenue	(100)	(5,150)
	749,545	521,433
Cash from investing activities:		
Net increase in investments	(1,852)	(2,598)
Increase in cash	747,693	518,835
Cash, beginning of year	1,820,904	1,302,069
Cash, end of year	\$ 2,568,597	\$ 1,820,904

See accompanying notes to financial statements.



# WDMH FOUNDATION

Notes to Financial Statements

Year ended March 31, 2020

---

## 1. Purpose of the Foundation:

As of August 16, 2019 Winchester District Memorial Hospital Foundation was approved by the Ministry of Government and Consumer Services Ontario to have their corporation name changed to WDMH Foundation.

The WDMH Foundation (the "Foundation") was incorporated on December 23, 1993, under the laws of Ontario as a corporation without share capital. The Foundation is a charitable organization 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.

The primary purpose of the Foundation is to receive and maintain funds to be applied fully or in part as donations to Winchester District Memorial Hospital (the "Hospital") and Rural Healthcare Innovations ("RHI").

## 2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

### (a) Basis of presentation:

The Foundation uses the restricted fund method of accounting for contributions for not-for-profit organizations.

### (b) Funds:

The Foundation has established two categories of funds as follows:

(i) The restricted fund consists of contributions and gifts to be used for capital purposes as well as for other specific purposes and is reduced by direct expenses relating to the cost of raising these funds.

(ii) The unrestricted fund consists of general revenue and operating expenses.

### (c) Revenue recognition:

Restricted contributions are recognized as revenue of the restricted fund. Unrestricted contributions are recognized as revenue of the unrestricted fund. Restricted and unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Investment income is allocated between the unrestricted fund and restricted fund based on the proportionate net asset value of each on a monthly basis and recognized when earned.

# WDMH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

---

## 2. Significant accounting policies (continued):

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. 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 not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Donated investments are initially recorded at fair value on the date of the delivery of the investment to the Foundation.

### (e) Donations-in-kind:

Donations of materials are recorded as revenue at fair value when received.

### (f) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

# WDMH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

---

### 3. Investments:

	2020 Fair value	2019 Fair value
Cash and cash equivalents	\$ 361	\$ 361
Fixed income	86,268	88,206
Mutual Funds	3,790	–
	<hr/>	<hr/>
	\$ 90,419	\$ 88,567

Fixed income investments are comprised of guaranteed investment certificates with maturity dates from 2020 to 2022, earning interest from 1.8% to 2.8%.

### 4. Related party transactions:

The Foundation raises, manages and distributes funds to support the Winchester District Memorial Hospital and Rural Healthcare Innovations. The Foundation's funds are used to purchase equipment for capital projects and to contribute to the improvement of patient care.

During the year ended March 31, 2020, the Foundation donated cash of \$1,296,080 (2019 - \$627,545) to the Hospital.

At March 31, 2020, \$205,970 (2019 - \$77,103) was payable to the Hospital for expenses incurred on behalf of the Foundation and donations to the Hospital.

During the year, the Foundation received donations on behalf of the Winchester District Memorial Hospital Auxiliary in the amount of \$51,020 (2019 - \$55,404) of which the Foundation provided cash of \$44,040 (2019 - \$38,763) to the Auxiliary.

At March 31, 2020, \$25,355 (2019 - \$18,375) was payable to the Auxiliary.

### 5. Deferred revenue:

Deferred revenue consists of donations received in advance for a signature event and direct mail appeal that will be held in the next fiscal year.

# WDMH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

---

## 6. Net assets:

The Foundation defines capital as its unrestricted net assets and restricted net assets. The purpose of the Foundation's funds are as follows:

- The purpose of the unrestricted net assets is to fund future operations.
- The purpose of the restricted net assets is to acquire capital assets or fund other specific purposes specified externally by donors.

The Foundation manages its net assets by establishing restricted funds and appropriating amounts to the restricted funds for anticipated future projects, contingencies and other capital projects.

## 7. Commitments:

The Foundation has entered into a lease agreement for a photocopier with the following required future minimum payments:

2021	\$	6,120
2022		6,120
2023		6,120
2024		6,120
2025		1,020
		<hr/>
		\$ 25,500

---

## 8. Financial risks and concentration of risk:

The Foundation believes that it is generally not subject to significant credit, liquidity, market, currency, interest rate and other price risks arising from its financial instruments. The impact of the COVID-19 pandemic on these risks is disclosed in note 9.

# WDMH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

---

## 9. Impact of Coronavirus COVID-19 Pandemic:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

From the declaration of the pandemic to the date of approval of these financial statements, the Foundation implemented the following actions in relation to the COVID-19 pandemic:

- The closure of the main office facility to the general public;
- Revisions to the delivery of a number of events and direct mail requests; and
- The implementation of working from home requirements for Foundation employees.

As a result of these actions, the Foundation experienced decreases in operating revenues and increases in operating costs.

### a) *Impact of COVID-19 on financial risks:*

The COVID-19 pandemic has impacted the financial risks of the Foundation as follows:

#### i) Liquidity risk:

The ability of the Foundation to meet their cash flow requirements in the short term has been impacted by several factors including delays in cash collections and a reduction in overall donations. The COVID-19 pandemic may also increase the risk that pledges for future years are not honoured by the donors. The Foundation is mitigating these risks by maintaining relationships with their pledge donors and by monitoring their cash flow in order to maintain liquidity moving forward.

#### ii) Market risk:

Market risk has increased due to significant volatility in financial markets due to greater uncertainty in the valuation of financial assets arising from volatility in equity markets.

While the Foundation's investments are invested in low volatile GIC's and cash (see note 3), the Foundation will make appropriate adjustments to its investment strategies as required to reduce the risk on the Foundation's operations and financial position.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Foundation's operations and financial position is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated net assets to sustain operations. An estimate of the financial effect of the pandemic on the Foundation is not practicable at this time.