

**DUNNVILLE HOSPITAL AND
HEALTHCARE FOUNDATION**

**FINANCIAL STATEMENTS
For the year ended December 31, 2018**

**DUNNVILLE HOSPITAL AND
HEALTHCARE FOUNDATION**

For the year ended December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Dunnville Hospital and Healthcare Foundation

Opinion

We have audited the financial statements of Dunnville Hospital and Healthcare Foundation (the 'Foundation'), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, and the results of its 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 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 relating 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.

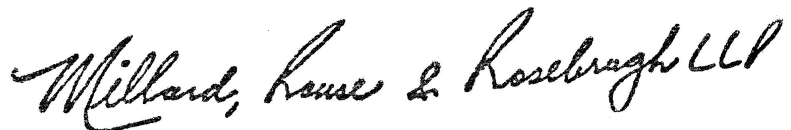
Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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 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 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 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

April 12, 2019
Hagersville, Ontario

DUNNVILLE HOSPITAL AND HEALTHCARE FOUNDATION

STATEMENT OF FINANCIAL POSITION

As at December 31	Operating Fund	Endowment Fund	2018 Total	2017 Total
ASSETS				
Current Assets				
Cash and bank	181,123	-	181,123	481,027
Investment cash	21,851	24,392	46,243	81,506
HST/GST/ORST refundable	15,609	-	15,609	11,417
Premium deposits	24,893	-	24,893	22,423
Prepaid expense	8,710	-	8,710	5,446
Inter-Fund balances	858,360	-	858,360	749,036
	1,110,546	24,392	1,134,938	1,350,855
Investments (Note 2)	1,089,222	3,215,202	4,304,424	4,335,554
Property, Plant and Equipment (Note 3)	5,235	-	5,235	6,017
	2,205,003	3,239,594	5,444,597	5,692,426
LIABILITIES				
Current Liabilities				
Accounts payable	13,538	-	13,538	12,183
Due to Haldimand War Memorial Hospital (Note 6)	-	-	-	250,000
Employee deductions payable	2,246	-	2,246	3,482
Accrued liabilities	11,117	-	11,117	58,638
Inter-Fund balances	-	858,360	858,360	749,036
	26,901	858,360	885,261	1,073,339
FUND BALANCES				
- Operating	2,178,102	-	2,178,102	2,306,215
- Endowment Fund	-	2,381,234	2,381,234	2,312,872
	2,178,102	2,381,234	4,559,336	4,619,087
	2,205,003	3,239,594	5,444,597	5,692,426

See accompanying notes

DUNNVILLE HOSPITAL AND HEALTHCARE FOUNDATION

STATEMENT OF CHANGES IN FUND BALANCES

As at December 31	Operating Fund	Endowment Fund	2018 Total	2017 Total
FUND BALANCES				
- Beginning of Year	2,306,215	2,312,872	4,619,087	4,360,623
Excess of Expenses over Revenues	(216,780)	157,029	(59,751)	258,464
Transfer to operating	88,667	(88,667)	-	-
FUND BALANCES				
- End of Year	2,178,102	2,381,234	4,559,336	4,619,087

See accompanying notes

DUNNVILLE HOSPITAL AND HEALTHCARE FOUNDATION

STATEMENT OF OPERATIONS

For the year ended December 31	Operating Fund	Endowment Fund	2018 Total	2017 Total
Revenues				
Donations, fundraising receipts	988,957	-	988,957	502,123
Lotteries and ticket sales	35,693	-	35,693	23,801
Health promotion income	525	-	525	780
Interest earned	787	487	1,274	99
Dividends earned	38,595	98,688	137,283	108,616
Gain (Loss) on disposal of investments	102,852	(32)	102,820	-
Grant - Canadian Summer Student	3,615	-	3,615	3,505
Membership fees	60	-	60	60
	1,171,084	99,143	1,270,227	638,984
Expenses				
Office wages and benefits	99,772	-	99,772	214,313
Fundraising and campaign expenses	106,749	-	106,749	76,164
Rent	1,200	-	1,200	1,200
Telephone	2,053	-	2,053	2,441
Computer expense	6,442	-	6,442	4,549
Travel and convention	4,253	-	4,253	2,111
Staff training	1,072	-	1,072	3,553
Advertising and promotion	1,559	-	1,559	2,220
Office supplies and postage	14,224	-	14,224	12,678
Professional fees	40,325	-	40,325	16,866
Management fees	4,530	10,476	15,006	13,615
Interest and bank charges	3,982	-	3,982	3,484
Amortization	2,494	-	2,494	2,341
	288,655	10,476	299,131	355,535
Excess of Revenues over Expenses				
- Before Undernoted Items	882,429	88,667	971,096	283,449
Donations	(900,450)	-	(900,450)	(250,112)
Change in fair value of investments	(198,759)	68,362	(130,397)	225,127
Excess of Expenses over Revenues	(216,780)	157,029	(59,751)	258,464

See accompanying notes

DUNNVILLE HOSPITAL AND HEALTHCARE FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended December 31	2018	2017
Cash Flows From Operating Activities		
Excess of Expenses over Revenues	(59,751)	258,464
Charges (credits) to income not involving cash:		
Amortization	2,494	2,341
Change in fair value of investments	130,397	(225,127)
Gain on disposal of investments	(102,820)	-
	(29,680)	35,678
Net change in non-cash working capital balances related to operations	(272,065)	323,175
	(301,745)	358,853
Cash Flows From Investing Activities		
Net sale (purchase) of investments	(443,111)	(124,557)
Proceeds on disposal of investments	446,664	(1,194)
Purchase of property, plant and equipment	(1,712)	-
	1,841	(125,751)
Net Decrease in Cash and Bank	(299,904)	233,102
Opening Cash and Bank	481,027	247,925
Closing Cash and Bank	181,123	481,027

See accompanying notes

DUNNVILLE HOSPITAL AND HEALTHCARE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

PURPOSE OF THE ORGANIZATION

The Foundation has undertaken to raise funds to support the Haldimand War Memorial Hospital and other health providing facilities within the Town of Dunnville. The Foundation is a registered Canadian Charity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(a) **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(b) **Fund Accounting**

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

General Fund

The General Fund (Operating Fund) reports unrestricted donations and all investment income.

Externally Restricted Fund

The fund represents donations made by individual donors for a specific purpose and therefore the use is restricted.

Endowment Fund

The policy has been to direct all bequests to the endowment fund, and to direct any income derived from those funds into the operating fund on an annual basis.

On July 1, 2017, the policy was revised to direct bequests to the Emergency Department campaign.

(c) **Pledges**

The amount of any funds pledged to the Foundation is not included in revenue until such time as the funds are received.

(d) **Donated Services, Materials and Facilities**

The amount of any services or materials donated to the Foundation is included in revenues when received and recorded at fair market value when fair market value can be reasonably estimated.

(e) **Recognition of Other Revenues**

Revenues from fundraising activities are recognized when such activities are held.

(f) **Property, Plant and Equipment**

Property, plant and equipment are stated at cost. Amortization is provided for in the accounts as follows:

Furniture and fixtures	10 years straight line
Computer equipment	5 years straight line
Computer software	100% expensed in year of purchase

DUNNVILLE HOSPITAL AND HEALTHCARE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [cont'd]

(g) Financial Instruments

All financial instruments are initially recorded on the statement of financial position at fair value. Investments in equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are measured at amortized cost.

2. INVESTMENTS	Cost	2018		2017	
		Market Value	Cost	Market Value	
Operating Fund	851,156	1,089,222	881,551	1,318,376	
Endowment Fund	2,388,628	3,215,202	2,258,966	3,017,178	
Total	3,239,784	4,304,424	3,140,517	4,335,554	

3. PROPERTY, PLANT AND EQUIPMENT	Cost	Accumulated Amortization	2018		2017	
			Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	20,453	19,866	587	1,763		
Computer equipment	32,176	27,528	4,648	4,254		
	52,629	47,394	5,235	6,017		

4. ENDOWMENT FUND CONTRIBUTED SURPLUS

As of December 31, 2018, total cost base of gifted contributions to the endowment fund totalled \$1,554,660 (2017 - \$1,554,660).

5. FINANCIAL INSTRUMENTS

The Foundation has identified the following financial risks:

Credit Risk

The Foundation's exposure to credit risk relates to its accounts receivable. The risk of significant credit loss is considered remote. All financial instruments are initially recorded on the statement of financial position at fair value.

Market Risk

The Foundation's holds investments that may be subject to fluctuations in market value. The Foundation considers its investments to be conservation and with low market risk.

Liquidity Risk

Liquidity risk is the risk that a Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation's ability to meet obligations depends on the receipt of funds from donations and fundraising.

DUNNVILLE HOSPITAL AND HEALTHCARE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

6. COMMITMENT

The Foundation has committed to raise \$3,000,000 for the Haldimand War Memorial Hospital's Emergency Department project. Payments made to the hospital as of December 31, 2017 are as follows: \$500,000 was paid in 2014, \$250,000 in 2015, \$250,000 in 2017, and \$900,000 was paid in 2018.

As of December 31, 2018, the total amount of funds contributed was \$1,900,000.