

Financial Statements of

**CORNWALL COMMUNITY
HOSPITAL FOUNDATION**

And Independent Auditors' Report thereon

Year ended March 31, 2019



KPMG LLP
863 Princess Street, Suite 400
Kingston ON K7L 5N4
Canada
Telephone 613-549-1550
Fax 613-549-6349

INDEPENDENT AUDITORS' REPORT

To the Members of the Cornwall Community Hospital Foundation

Opinion

We have audited financial statements of Cornwall Community Hospital Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- 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 Entity as at March 31, 2019, 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 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 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 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.

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 Entity'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 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 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 Entity 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

Kingston, Canada

June 27, 2019

CORNWALL COMMUNITY HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	\$ 651,309	\$ 543,321
Accounts receivable	217,939	6,960
Short-term investment (note 7)	101,125	–
	<u>970,373</u>	<u>550,281</u>
Capital assets (note 2)	–	16,506
	<u>\$ 970,373</u>	<u>\$ 566,787</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (notes 4 and 6)	\$ 8,569	\$ 12,061
Deferred capital contributions	–	13,323
Net assets:		
Unrestricted	656,049	250,068
Externally restricted net assets (note 5)	305,755	291,335
	<u>961,804</u>	<u>541,403</u>
	<u>\$ 970,373</u>	<u>\$ 566,787</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

CORNWALL COMMUNITY HOSPITAL FOUNDATION

Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	Unrestricted	Externally restricted	2019	2018
Revenue:				
Donations:				
Redevelopment campaign	\$ -	\$ -	\$ -	\$ 99,000
Digital campaign	-	11,514	11,514	7,018
Other	946,839	320,316	1,267,155	905,895
Investment income	14,754	-	14,754	12,188
Amortization of deferred capital contributions	13,323	-	13,323	15,989
	<u>974,916</u>	<u>331,830</u>	<u>1,306,746</u>	<u>1,040,090</u>
Expenses:				
Wages and benefits	296,070	-	296,070	271,349
Administrative	80,340	-	80,340	78,134
Lottery disbursement/fundraising	109,938	-	109,938	90,092
Stewardship	3,353	-	3,353	1,040
	<u>489,701</u>	<u>-</u>	<u>489,701</u>	<u>440,615</u>
Excess of revenue over expenses before the undernoted	485,215	331,830	817,045	599,475
Distribution of funds (note 6)	(79,234)	(317,410)	(396,644)	(647,688)
Excess (deficiency) of revenue over expenses	\$ 405,981	\$ 14,420	\$ 420,401	\$ (48,213)

See accompanying notes to financial statements.

CORNWALL COMMUNITY HOSPITAL FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2019, with comparative information for 2018

	Unrestricted	Externally restricted (note 5)	2019	2018
Balance, beginning of year	\$ 250,068	\$ 291,335	\$ 541,403	\$ 589,616
Excess (deficiency) of revenue over expenses	405,981	14,420	420,401	(48,213)
Balance, end of year	\$ 656,049	\$ 305,755	\$ 961,804	\$ 541,403

See accompanying notes to financial statements.

CORNWALL COMMUNITY HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used for):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 420,401	\$ (48,213)
Items not involving cash:		
Amortization expense	16,506	19,808
Amortization of deferred capital contributions	(13,323)	(15,989)
Changes in non-cash operating working capital:		
Accounts receivable	(210,979)	10,673
Accounts payable and accrued liabilities	(3,492)	3,502
Deferred revenue	-	(18,642)
	209,113	(48,861)
Investing activities:		
Purchase of short-term investments	(101,125)	-
Increase (decrease) in cash	107,988	(48,861)
Cash, beginning of year	543,321	592,182
Cash, end of year	\$ 651,309	\$ 543,321

See accompanying notes to financial statements.

CORNWALL COMMUNITY HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2019

The Cornwall Community Hospital Foundation (the "Foundation") is incorporated, without share capital, under the laws of Canada. The Foundation's mandate is to raise funds for the Cornwall Community Hospital's programs, medical equipment, expansion and renovation to enhance quality healthcare in the community.

The Foundation is a registered charity and as such is exempt from income taxes and may issue income tax receipts to donors, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

The 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.

(a) Revenue recognition:

The Foundation follows the restricted method of accounting for contributions, which include donations and fundraising.

The Unrestricted Fund accounts for the Foundation's program delivery, fundraising and administrative activities. Contributions are recognized as revenue of unrestricted net assets in the year receivable or received if the amount to be received can be reasonably estimated and collection is reasonably assured. Pledge revenue is recognized as revenue as cash is received.

The Externally Restricted Fund reports resources that are to be used for designated purposes specified by the donor. Contributions are recognized as revenue of restricted net assets according to the appropriate classification in the year receivable or received if the amount to be received can be reasonably estimated and the collection is reasonably assured. Pledge revenue is recognized as cash is received.

(b) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year to assist the Foundation in carrying out its service activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. 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 subsequently carry all of its investments at fair value, if any.

CORNWALL COMMUNITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

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.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Foundation's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Website	5 years
Computer hardware	5 years
Computer software	5 years

(e) Use of estimates:

The preparation of the 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 year. Actual results could differ from those estimates.

CORNWALL COMMUNITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

2. Capital assets:

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Website	\$ 25,647	\$ 25,647	\$ –	\$ 913
Computer hardware	3,586	3,586	–	598
Computer software	89,970	89,970	–	14,995
	<u>\$ 119,203</u>	<u>\$ 119,203</u>	<u>\$ –</u>	<u>\$ 16,506</u>

The cost and accumulated amortization of capital assets at March 31, 2018 amounted to \$119,203 and \$102,697 respectively.

3. Pledge commitments:

The Foundation launched its Digital Campaign in October 2011 with active fundraising events beginning in November 2011. From its inception to March 31, 2013, the Campaign has sponsored both a pledge and community campaign that raised approximately \$3,500,000. The Foundation has \$11,589 in pledges outstanding as at March 31, 2019 (2018 - \$24,009).

The Foundation launched its Addiction and Mental Health Campaign in October 2015 with active fundraising events beginning in November 2015. Since its inception to March 31, 2019, the campaign has sponsored both a pledge and community campaign that raised approximately \$1,200,000. The Foundation has approximately \$Nil in pledges outstanding as of March 31, 2019 (2018 - \$165,000).

During the year, the Foundation began fundraising for specific urgent needs equipment for the Cornwall Community Hospital. The Foundation has \$80,000 in pledges outstanding as at March 31, 2019.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (2018 - \$Nil), which includes amounts payable for harmonized sales tax and payroll-related taxes.

CORNWALL COMMUNITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

5. Externally restricted net assets:

Externally restricted net assets represent donations upon which donors have imposed restrictions on the use of the funds.

Major categories of externally-imposed restrictions on net assets are as follows:

	2019	2018
Redevelopment and digital campaign	\$ 26,950	\$ 15,437
Mental health campaign	33,330	155,746
Cancer care	—	2,411
Palliative care	289	—
Maternal care	—	1,361
Addiction services	82,847	81,997
Various other	162,339	34,383
	<u>\$ 305,755</u>	<u>\$ 291,335</u>

6. Related party transactions:

The Foundation receives and maintains funds to provide for the enhancements of facilities and services at the Cornwall Community Hospital. During the year, the Foundation transferred \$396,644 (2018 - \$647,688) to the Cornwall Community Hospital.

The Cornwall Community Hospital provides the Foundation with accounting services, office space and equipment appropriate to the fulfillment of the Foundation's objectives free of charge.

At March 31, 2019, there was a balance of \$Nil (2018 - \$Nil) due to the Cornwall Community Hospital included in accounts payable and accrued liabilities.

7. Financial risk and concentration of risk:

The Foundation managed its investment portfolio, if any, to earn investment income and invests according to a Statement of Investment Policy approved by The Board. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Foundation believes that it is not exposed to significant interest-rate, market, credit or cash flow risk arising from its financial instruments.

Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments. Short-term investments consists of fixed income security, which yields interest of 3% and matures in November 2019.