

Financial Statements of

**WDMH FOUNDATION**

And Independent Auditor's Report thereon

Year ended March 31, 2024



**KPMG LLP**

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## **INDEPENDENT AUDITOR'S 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, 2024
- 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, 2024, and its results of operations, changes in net assets, 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 “*Auditor’s Responsibilities for the Audit of the Financial Statements*” section of our auditor’s 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.

### ***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 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.



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- 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 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 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 13, 2024

# WDMH FOUNDATION

## Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
<b>Assets</b>		
Current assets:		
Cash	\$ 7,232,962	\$ 6,038,867
Accounts receivable	42,537	22,831
Prepaid expenses and deposits	25,749	27,448
	<u>7,301,248</u>	<u>6,089,146</u>
Investments (note 3)	1,089,902	1,076,017
	<u>\$ 8,391,150</u>	<u>\$ 7,165,163</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Payable to related parties (note 4)	\$ 269,001	\$ 97,770
Other payables	24,130	37,634
Deferred revenue (note 5)	—	9,275
	<u>293,131</u>	<u>144,679</u>
Net assets (note 6):		
Restricted	7,539,539	6,324,092
Unrestricted	558,480	696,392
	<u>8,098,019</u>	<u>7,020,484</u>
Commitments (note 7)		
	<u>\$ 8,391,150</u>	<u>\$ 7,165,163</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# WDMH FOUNDATION

## Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

	Restricted	Unrestricted	2024	2023
<b>Revenue:</b>				
Signature events	\$ 84,170	\$ 40,534	\$ 124,704	\$ 11,546
Community Hosted Events	431,453	26,026	457,479	86,898
Direct mail	70,753	81,896	152,649	194,875
Other donations	330,960	292,287	623,247	670,635
Other revenue	80,630	24,543	105,173	155,096
Donations for Dundas Manor/RHI	5,354,107	–	5,354,107	551,342
Investment	51,394	–	51,394	28,813
	<u>6,403,467</u>	<u>465,286</u>	<u>6,868,753</u>	<u>1,699,205</u>
<b>Expenses:</b>				
Salaries and benefits	160,078	305,443	465,521	413,866
Other	14,394	148,647	163,041	120,859
Direct mail	7,403	20,267	27,670	36,176
Signature events	39,265	19,388	58,653	7,545
Software maintenance	–	12,677	12,677	17,876
Office supplies	–	11,867	11,867	12,849
Community hosted events	2,882	47	2,929	12,561
Dundas Manor	246,154	–	246,154	74,860
Donor relations	–	5,451	5,451	7,480
	<u>470,176</u>	<u>523,787</u>	<u>993,963</u>	<u>704,072</u>
<b>Excess (deficiency) of revenue over expenses before donation</b>				
	5,933,291	(58,501)	5,874,790	995,133
<b>Donation to the Hospital and RHI (note 4)</b>				
	4,717,844	79,411	4,797,255	1,143,828
<b>Excess (deficiency) of revenue over expenses</b>				
	<u>\$ 1,215,447</u>	<u>\$ (137,912)</u>	<u>\$ 1,077,535</u>	<u>\$ (148,695)</u>

See accompanying notes to financial statements.

# WDMH FOUNDATION

## Statement of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

	Restricted	Unrestricted	2024 Total	2023 Total
Net assets, beginning of the year	\$ 6,324,092	\$ 696,392	\$ 7,020,484	\$ 7,169,179
Excess (deficiency) of revenue over expenses	1,215,447	(137,912)	1,077,535	(148,695)
Net assets, end of year	\$ 7,539,539	\$ 558,480	\$ 8,098,019	\$ 7,020,484

See accompanying notes to financial statements.

# WDMH FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used for):		
Cash from operating activities		
Excess (deficiency) of revenue over expenses	\$ 1,077,535	\$ (148,695)
Change in non-cash operating working capital:		
Increase in accounts receivable	(19,706)	(4,335)
Decrease (increase) in prepaid expenses	1,699	(1,850)
Increase (decrease) in payable to related parties	171,231	(65,083)
Increase (decrease) in other payables	(13,504)	14,112
Increase (decrease) in deferred revenue	(9,275)	8,775
	1,207,980	(197,076)
Cash from investing activities:		
Net increase in investments	(13,885)	(25,822)
Increase (decrease) in cash	1,194,095	(222,898)
Cash, beginning of year	6,038,867	6,261,765
Cash, end of year	\$ 7,232,962	\$ 6,038,867

See accompanying notes to financial statements.



# WDMH FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

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## 1. Purpose of the 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.

Bequests are recognized as revenue when received. Pledges are not recorded until the donations are actually received.

# WDMH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 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) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is a non-monetary exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

### (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, 2024

### 3. Investments:

	2024	2023
	Fair value	Fair value
Cash	\$ 1	\$ –
Fixed income	1,089,901	1,059,247
Mutual funds	–	16,770
	<u>\$ 1,089,902</u>	<u>\$ 1,076,017</u>

Fixed income investments are comprised of guaranteed investment certificates with maturity dates in 2024, earning interest from 5.70% to 5.74%.

### 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 by these entities to purchase equipment for capital projects and to contribute to the improvement of patient care.

#### (a) Winchester District Memorial Hospital:

During 2024, the Foundation made donations of \$922,994 (2023 - \$1,143,828) to the Hospital and \$37,609 to the Physicians Scholarship fund handled by the physicians at the Hospital. At March 31, 2024, \$246,646 (2023 - \$79,688) was payable to the Hospital related to these donations and for expenses incurred on behalf of the Foundation by the Hospital.

#### (b) Rural Healthcare Innovation (RHI):

During the year, the Foundation made donations of \$3,836,652 (2023 - \$nil) to RHI.

#### (c) Winchester District Memorial Hospital Auxiliary:

During the year, the Foundation received external donations on behalf of the Winchester District Memorial Hospital Auxiliary in the amount of \$46,331 (2023 - \$37,642) of which the Foundation provided funding of \$23,976 (2023 - \$19,610) to the Auxiliary. At March 31, 2024, \$22,355 (2023 - \$18,082) was payable to the Auxiliary with respect to these donations.

### 5. Deferred revenue:

Deferred revenue consists of direct mail sponsorship revenue received in advance.

# WDMH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 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:

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2025	\$	4,932
2026		4,932
2027		4,932
2028		4,932
2029		4,110
	\$	23,838

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## 8. Capital campaign – Rural Healthcare Innovations:

In 2020, the Foundation launched a campaign to raise \$18 million over three years in support of the Rural Healthcare Innovation's construction for their new Dundas Manor building. As at March 31, 2024, \$6,376,547 (2023 - \$6,375,970) has been pledged, of which \$4,340,637 (2023 - \$675,659) has been collected. As at March 31, 2024, the Foundation has raised \$10,108,222 of cash donations and pledges for the campaign.

## 9. 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, and these risks have not changed significantly in the current year.