



FINANCIAL STATEMENTS

MARCH 31, 2023

Our Vision: A fully engaged community supporting Windsor Regional Hospital.

Our Mission: To promote public awareness and encourage philanthropy in support of Windsor Regional Hospital.

We respectfully acknowledge that the Windsor Regional Hospital occupies the traditional, ancestral, and contemporary lands of the Niswi Ishkodewan Anishinaabeg: The Three Fires Confederacy (Ojibwe, Odawa, and Potawatomi). We acknowledge the land and the surrounding waters for sustaining us and we are committed to protecting and restoring these lands and waters from environmental degradation.



KPMG LLP
618 Greenwood Centre
3200 Deziel Drive
Windsor ON N8W 5K8
Canada
Telephone (519) 251-3500
Fax (519) 251-3530

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Windsor Regional Hospital Foundation

Qualified Opinion

We have audited the financial statements of Windsor Regional Hospital Foundation (the "Foundation"), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations and changes in fund balances 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, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2023 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 of Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities, 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 Foundation.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at end of March 31, 2023 and March 31, 2022
- the donations and other income and excess (deficiency) of revenues over expenses reported in the statements of operations and changes in fund balances for the years ended March 31, 2023 and March 31, 2022



- the unrestricted net assets and restricted net assets, at the beginning and end of the year, reported in the statements of operations and changes in net assets for the years ended March 31, 2023 and March 31, 2022
- the excess of revenues over expenses reported in the statements of cash flows for the years ended March 31, 2023 and March 31, 2022.

Our opinion on the financial statements for year ended March 31, 2022 was also qualified 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' 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 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 for the Financial Statements and Those Charged with Governance

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.

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.



Page 3

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.
- 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' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Windsor Canada

June 12, 2023

STATEMENT OF FINANCIAL POSITION

March 31, 2023
(amounts stated in 000's)
(with comparative amounts to March 31, 2022)

| | General Fund | Restricted Funds | Johnson Endowment Fund | March 31, 2023 Total | March 31, 2022 Total |
|---|--------------|------------------|------------------------|----------------------|----------------------|
| ASSETS | | | | | |
| Interest bearing deposits | \$ 90 | \$ 2,352 | \$ 78 | \$ 2,520 | \$ 1,638 |
| Accrued interest and other receivable | 6 | 149 | - | 155 | 171 |
| Prepaid expenses | 110 | - | - | 110 | 65 |
| Investments (Note 4) | 867 | 20,750 | - | 21,617 | 22,463 |
| | 1,073 | 23,251 | 78 | 24,402 | 24,337 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accrued liabilities | 2 | 52 | - | 54 | 64 |
| Due to Windsor Regional Hospital (Note 3) | 164 | 2,085 | - | 2,249 | 3,490 |
| Deferred revenue (Note 5) | - | 218 | - | 218 | 144 |
| | 166 | 2,355 | - | 2,521 | 3,698 |
| Fund balances: | | | | | |
| Unrestricted net assets | 907 | - | - | 907 | 840 |
| Restricted net assets | - | 20,896 | 78 | 20,974 | 19,799 |
| | 907 | 20,933 | 78 | 21,881 | 20,639 |
| Commitments (Note 8) | - | - | - | - | - |
| | 1,073 | 23,251 | 78 | 24,402 | 24,337 |

See accompanying notes to financial statements

On behalf of the Board:

Beth Ann Prince
Chairperson

Andrea Pontoni
Treasurer

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended March 31, 2023
(with comparative figures for the year ended March 31, 2022)
(amounts stated in 000's)

| | General Fund | | Restricted Funds | | Johnson Endowment Fund | | Total | |
|--|--------------|--------|------------------|----------|------------------------------|-------|----------|----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| REVENUE | | | | | | | | |
| Donations (Note 6) | \$ 452 | \$ 347 | \$3,076 | \$2,669 | \$ - | \$ - | \$ 3,528 | \$ 3,016 |
| Lottery (Note 5) | - | - | 83 | 316 | - | - | 83 | 316 |
| Other income | - | - | 163 | 199 | - | - | 163 | 199 |
| Investment income | 340 | 281 | 1,032 | 1,198 | 3 | - | 1,375 | 1,479 |
| Unrealized gain (loss) on investments | - | 17 | - | 411 | - | - | - | 428 |
| | 792 | 645 | 4,354 | 4,793 | 3 | - | 5,149 | 5,438 |
| EXPENSES | | | | | | | | |
| Salaries and benefits | 141 | 154 | 396 | 356 | - | - | 537 | 510 |
| Other supplies and expenses | 281 | 189 | 744 | 439 | - | - | 1,025 | 628 |
| Investment management fees | 29 | 21 | 84 | 92 | - | - | 113 | 113 |
| Donations to Hospital (Note 3) | 225 | 605 | 837 | 2,909 | - | - | 1,062 | 3,514 |
| Unrealized loss on investment | 49 | - | 1,121 | - | - | - | 1,170 | - |
| | 725 | 969 | 3,182 | 3,796 | - | - | 3,907 | 4,765 |
| Excess (deficiency) of revenue over expenses | 67 | (324) | 1,172 | 997 | 3 | - | 1,242 | 673 |
| Fund balances, beginning of year | 840 | 1,164 | 19,724 | 18,727 | 75 | 75 | 20,639 | 19,966 |
| Fund balances, end of year | \$ 907 | \$ 840 | \$20,896 | \$19,724 | \$ 78 | \$ 75 | \$21,881 | \$20,639 |

See accompanying notes to financial statements

STATEMENT OF CASH FLOWS

For the year ended March 31, 2023
(with comparative figures for the year ended March 31, 2022)
(amounts stated in 000's)

| | 2023 | 2022 |
|---|----------|----------|
| CASH FLOW FROM (USED IN) OPERATING ACTIVITIES | | |
| Excess of revenue over expenses | \$ 1,242 | \$ 673 |
| Add item not involving cash: | | |
| Unrealized loss (gain) on investments | 1,170 | (428) |
| | 2,412 | 245 |
| CASH FROM CHANGE IN OPERATING BALANCES | 34 | 1,719 |
| CASH FLOW FROM (USED FOR) INVESTING AND FINANCING ACTIVITIES | | |
| Due to Windsor Regional Hospital, net | (1,241) | 968 |
| Investments, net of transfers to interest bearing deposits | (323) | (2,583) |
| | (1,495) | (1,615) |
| Increase in interest bearing deposits during the year | 882 | 349 |
| Interest bearing deposits, beginning of year | 1,638 | 1,289 |
| Interest bearing deposits, end of year | \$ 2,520 | \$ 1,638 |

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2023

1. Nature of Foundation:

The Foundation is a registered charity incorporated in the Province of Ontario without share capital and is classified as a public foundation under Section 149.1(1)(g) of the Income Tax Act (Canada) and as such, is exempt from income tax.

The objects of the Foundation include:

- a) To receive and maintain a fund or funds and to apply from time to time all or part of the principal and the income therefrom for charitable purposes carried on by, in connection with, in relation to, for the benefit of or to enhance or improve services provided by or the facilities of Windsor Regional Hospital or for any qualified donees as defined in subsection 149.1(1) of the Income Tax Act (Canada) that operate in conjunction with or with a view to benefiting the Windsor Regional Hospital or its clients or patients, and/or for such other purposes as the Board may deem to be in the best interest of the Windsor Regional Hospital.
- b) To establish, equip, maintain and operate facilities for the benefit of Windsor Regional Hospital.
- c) To promote the advancement of education by providing scholarships and tuition assistance to individuals pursuing continuing studies and research in the field of healthcare.
- d) To do such activities that are incidental and ancillary to the foregoing charitable purposes including, without limitation, activities in conjunction with or with a view to benefiting the Windsor Regional Hospital or any other charitable organization, health service provider, or foundation (including other hospitals or universities) which the Foundation determines to be for the benefit of the Windsor Regional Hospital who provide health related services and/or support to residents of the Windsor Regional Hospital's catchment area.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2023

2. Significant accounting policies:

The financial statements of the Foundation have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook. The following summary of significant accounting policies is set forth to facilitate the understanding of these financial statements:

a) Fund Accounting

In order to ensure observance of the limitations and restrictions placed on the uses of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors.

For financial reporting purposes, the accounts have been classified into the following funds:

i) General Fund

The General Fund accounts for the Foundation's general fundraising, granting and administrative activities. The General Fund reports unrestricted resources available for immediate purposes.

ii) Restricted Funds

The Restricted Funds reports, as revenues, resources that are to be used for specific purposes as specified by the donor and as expenses, the use of these resources for the specified purposes. Included within these funds are the unspent Bingo and Lottery accounts, which must be used for the specific purposes as stated on their related licenses.

iii) Johnson Endowment Fund

The income earned in "The Daniel William Johnson Memorial Education Fund Endowment" is to be used for the purposes of providing pain management education to the staff of Windsor Regional Hospital Oncology Unit. In addition, two staff will be acknowledged on an annual basis for their outstanding effort in the area of pain management in the delivery of care to patients.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2023

2. Significant accounting policies: (Cont'd)

b) Interest Bearing Deposits

Interest bearing deposits include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

Investment income earned on the Restricted Funds and the Johnson Endowment Fund is recognized as revenue within these specific funds.

c) Contributed Services

A substantial number of volunteers contribute a significant amount of their time each year for the benefit of the Foundation. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

d) 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant estimates include the valuation of financial instruments. Actual results could differ from those estimates.

e) Revenue Recognition

Contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred, provided the amount to be received or receivable, can be reasonably estimated and collection is reasonably assured. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Investment income is recognized as earned and allocated proportionately to the various funds. Unrealized gains or losses on investments are allocated in a similar manner.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2023

2. Significant accounting policies: (Cont'd)

f) Financial Instruments

The Foundation has recorded its financial investments at fair value. For bonds and equities, fair value is determined by quoted market prices and the change in market value is presented as an increase (decrease) to the investment and as an unrealized gain (loss) on the investments. All other financial instruments are subsequently recorded at cost or amortized cost as the Foundation has not elected to carry such financial instruments at fair value.

g) Allocation of Expenses

Expenses, which include salaries, benefits and other supplies and expenses (including general fundraising expenses) incurred specifically for a fundraising initiative are applied against the revenues received from that initiative. Expenses incurred by the Foundation not specifically identified to a particular fundraising initiative will be first charged to the general fund up to the level of the unspecified donations received in that particular year and then to the rest of the restricted funds on a pro-rata basis.

Investment management fees are allocated proportionately to the various funds based on the percentage of investment income allocated to that fund for the fiscal year.

Donation expenses to the Hospitals are specifically assigned to the fund to which they relate.

3. Related party transactions:

The receipt and disbursement of Foundation funds is administered by Windsor Regional Hospital. In the year ending March 31, 2023, the Foundation donated \$1,062,000 (\$3,514,000 – 2022) towards the costs incurred by the Hospitals for capital improvements, the employee tuition assistance program and for minor operating expenses within various hospital departments. Any balance owing to the Hospitals for the payment of the above donations, net of the reimbursement of operating costs of the Foundation, is recorded as due to Windsor Regional Hospital on the statement of financial position and are settled as mutually agreed upon in the next fiscal year.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2023

4. Investments:

The Foundation has placed a portion of its assets with professional investment managers. These externally managed funds are comprised of the following:

(Amounts in 000's)

| | March 31, 2023 | | | | March 31, 2022 | |
|---------------------------------|-----------------|-----------------|----------------------------|-------------------|-----------------|-----------------|
| | Market Value | Cost | Allocation at Market Value | Permissible Range | Market Value | Cost |
| <u>New Hospital fund</u> | | | | | | |
| Cash equivalents | \$ 75 | \$ 75 | 1.8% | 0 – 100% | \$ 115 | \$ 115 |
| Domestic bonds | <u>4,175</u> | <u>4,255</u> | <u>98.2%</u> | 0 – 100% | <u>3,489</u> | <u>3,523</u> |
| Total | <u>4,250</u> | <u>4,330</u> | 100.0% | 0 – 100% | <u>3,604</u> | <u>3,638</u> |
| Due from Long Term fund | <u>\$ 933</u> | | | | <u>\$ -</u> | |
| Total | <u>\$ 5,183</u> | | | | <u>\$3,604</u> | |
| <u>Long term fund</u> | | | | | | |
| Cash equivalents | \$ 1,058 | \$ 1,058 | 6.1% | 0 – 15% | \$ 771 | \$ 771 |
| Domestic bonds | <u>5,489</u> | <u>5,807</u> | <u>31.6%</u> | 25 – 55% | <u>6,061</u> | <u>6,375</u> |
| Total | 6,847 | 6,865 | 37.7% | 25 – 60% | 6,832 | 7,146 |
| Domestic equities | 5,343 | 4,434 | 30.8% | 18 – 57% | 6,408 | 4,606 |
| Global equities | <u>5,477</u> | <u>4,650</u> | <u>31.5%</u> | 18 – 57% | <u>5,619</u> | <u>4,567</u> |
| Total | 10,820 | 9,084 | 62.3% | 40 – 75% | 12,027 | 10,587 |
| Total | <u>\$17,367</u> | <u>\$15,949</u> | <u>100.0%</u> | | <u>\$18,859</u> | <u>\$16,319</u> |
| Due to New Hospital fund | <u>\$ (933)</u> | | | | <u>\$ -</u> | |
| Total | <u>\$16,434</u> | | | | <u>\$18,859</u> | |
| Total Investments | <u>\$21,617</u> | <u>\$20,279</u> | | | <u>\$22,463</u> | <u>\$19,957</u> |

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2023

5. Deferred revenue and bingo and lottery bank account activity:

Included in the restricted fund's interest bearing deposits are the following accounts:

| | <u>(Amounts in 000's)</u> | | | |
|---|---------------------------|---------------|--------------------------|---------------|
| | <u>Bingo Account</u> | <u>Nevada</u> | <u>50/50 Lottery</u> | <u>Total</u> |
| Bank balance/deferred revenue – March 31, 2022 | \$ 21 | \$ 102 | \$ 21 | \$ 144 |
| Proceeds received, net | 20 | 30 | 850 | 1,128 |
| License fees and ticket supply costs, 50/50 costs | - | - | (280) | (474) |
| Equipment purchased on behalf of Hospital | - | - | (67) | (67) |
| Winner's Payout 50/50 Lottery | <u>-</u> | <u>-</u> | <u>(479)</u> | <u>(513)</u> |
| Bank balance/deferred revenue – March 31, 2023 | <u>\$ 41</u> | <u>\$ 132</u> | <u>\$ 45</u> | <u>\$ 218</u> |

The deferred revenue reported in the Restricted Fund on the statement of financial position represents restricted net proceeds from Bingo, Nevada and 50/50 sales raised during the year, but not yet used to purchase equipment on behalf of the Hospital.

Included in other income (Restricted Fund) on the statement of operations and changes in fund balances is revenue recognized from Bingo and Nevada proceeds.

6. Donation pledges:

As at March 31, 2023, an amount of \$15,640,500 (\$10,287,000 - 2022) has been pledged as future donations to the Foundation. These pledges will be recorded as donation revenue as they are received. The anticipated collection of these amounts is as follows:

| | |
|-----------------|---------------------|
| 2024 | \$ 710,500 |
| 2025 | 640,000 |
| 2026 | 640,000 |
| 2027 | 625,000 |
| 2028 and beyond | <u>13,025,000</u> |
| Total | <u>\$15,640,500</u> |

In addition to these pledges, the Foundation promotes "Planned Giving" through the use of bequests and gifts of life insurance. Due to the nature of these pledges, the ultimate amount and timing of its receipts is not determinable at this time and is not included in the above pledge balance.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2023

7. Foundation expenses:

The Foundation endeavors to maximize the funds available for investment and donation to the Hospital by minimizing its cost of fundraising and its cost to manage its assets in support of its charitable objects. Its costs as a percentage of revenue are as follows:

| | <u>2023</u> | <u>2022</u> | <u>Foundation's Policy Target</u> |
|--|-------------|-------------|---------------------------------------|
| Ratio of fundraising expenses to fundraising revenue | 33.4% | 25.5% | less than 25% |
| Ratio of total expenses to total revenue | 32.5% | 25.0% | less than 30% |

For purposes of the above calculations, donations to the Hospital and unrealized gains or losses on investments are excluded.

The ratios are above target for 2022-23 due to the investment in fundraising activities to generate pledges for the New Hospital Campaign. As these pledges convert to donation revenues in future years when the cash is received, the fundraising and total expense ratios are expected to lower to Policy Target or less.

8. Commitments:

The Foundation has committed its financial support to Windsor Regional Hospital for the Cardiac Catheterization Lab/Day Surgery Relocation project in the amount of \$4.8 million. This project is still awaiting approval from the Ministry of Health before it can proceed.

During the 2021-22 fiscal year, the Foundation implemented a variation of the On-Line Lottery it was running that required the issuance by the Foundation's Bank a \$25,000 Standby Letter of Credit. In the 2022-23 fiscal year, this Standby Letter of Credit was increased to \$200,000. As security, the Foundation must maintain on account an amount equal to any and all outstanding Letter of Credit amounts issued.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2023

9. Financial risks:

a) Liquidity Risk

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budgets and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2022.

b) Interest Rate and Market Value Risk

The Foundation is exposed to interest rate risk and fluctuating market value risk on its investments. The investments most susceptible to this risk are described in Note 4. There has been no change to the risk exposure from 2022.

c) Currency Risk

Currency risk relates to the Foundation investing through its professional investment manager (Note 4) in global equities. Fluctuations of exchange rates may positively or negatively affect the market value of these investments. The Foundation's investment policy limits the range of exposure to non-Canadian currencies to 5 – 35% of the total investment portfolio. There has been no change in the risk exposure from 2022.

d) COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization (WHO). The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the long term financial effect on the Foundation remains not known at this time.

The WHO declared the pandemic over on May 5, 2023; however, there is still uncertainty as to the impact of future cash flows associated with the Foundation's investments and the donations that the Foundation might receive in the future months due to the duration of the COVID-19 pandemic.