

Portage District General Hospital Foundation
Financial Statements
March 31, 2020

Management's Responsibility

To the Directors of Portage District General Hospital Foundation:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Foundation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Foundation's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

September 3, 2020

Director

Director

Independent Auditor's Report

To the Directors of Portage District General Hospital Foundation:

Qualified Opinion

We have audited the financial statements of Portage District General Hospital Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2020, 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 Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations and other sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Foundation and we are not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, current assets and net assets.

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 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 qualified 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 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.

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 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 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 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.

Portage la Prairie, Manitoba

September 3, 2020

MNP LLP

Chartered Professional Accountants

Portage District General Hospital Foundation

Statement of Financial Position

As at March 31, 2020

	2020	2019
Assets		
Current		
Cash and cash equivalents	619,538	329,382
Goods and Service Tax receivable	1,477	3,460
Accrued interest	7,014	8,531
Inventory (Note 3)	21,000	23,500
Current portion of long-term investments (Note 4)	93,280	98,582
	742,309	463,455
Investments (Note 4)	11,122,816	11,194,289
Capital assets (Note 5)	15,696	18,927
Trust funds on deposit (Note 6)	104,658	99,484
	11,985,479	11,776,155
Liabilities		
Current		
Accounts payable	269,069	-
Commitments (Note 7)		
Subsequent events (Note 8)		
Net Assets		
Capital fund	15,696	18,927
Trust funds	104,658	99,484
Unrestricted	7,990,538	8,052,226
Internally restricted	3,605,518	3,605,518
	11,716,410	11,776,155
	11,985,479	11,776,155

Approved on behalf of the Directors

Director

Director

The accompanying notes are an integral part of these financial statements

Portage District General Hospital Foundation
Statement of Operations
For the year ended March 31, 2020

	2020	2019
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Revenue		
ATM service fees	8,813	9,155
Dividend	92,841	134,285
Donations	473,819	447,440
Fundraising	126,573	149,840
Gift shop	16,141	19,671
Interest	235,279	237,581
Television rental	60,349	46,619
Vending	7,937	13,537
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	1,021,752	1,058,128
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Expenses		
Amortization	3,230	3,961
Bursaries	13,511	3,524
Donations	500,254	531,274
Fundraising	63,434	78,835
Gift shop	17,024	13,179
Management fees	40,713	38,048
Professional development	22,078	-
Professional fees	8,920	8,402
Salaries and benefits	67,589	83,412
Television rental	5,304	10,863
Vending	2,500	7,025
	<hr/>	<hr/>
	744,557	778,523
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Excess of revenue over expenses before other items	277,195	279,605
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Other items		
Gain on disposal of investments	117,309	80,576
Unrealized gain (loss) on investments	(454,249)	237,519
	<hr/>	<hr/>
	(336,940)	318,095
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Excess (deficiency) of revenue over expenses	(59,745)	597,700
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The accompanying notes are an integral part of these financial statements

Portage District General Hospital Foundation
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For the year ended March 31, 2020

	<i>Capital fund</i>	<i>Trust funds</i>	<i>Unrestricted</i>	<i>2020</i>	<i>2019</i>
Balance, beginning of year	18,927	99,484	8,052,223	8,170,634	7,572,934
Excess (deficiency) of revenue over expenses	(3,231)	5,174	(61,685)	(59,745)	597,700
Balance, end of year	15,696	104,658	7,990,538	8,110,889	8,170,634

The accompanying notes are an integral part of these financial statements

Portage District General Hospital Foundation

Statement of Cash Flows

For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Excess (deficiency) of revenue over expenses	(59,745)	597,700
Amortization	3,230	3,961
Gain on disposal of investments	(117,309)	(80,576)
Unrealized (gain) loss on investments	454,249	(237,519)
	280,425	283,566
Changes in working capital accounts		
Accrued interest	1,517	1,033
Goods and Services Tax receivable	1,983	1,244
Inventory	2,500	-
Accounts payable	269,074	-
	555,499	285,843
Investing activities		
Purchase of investments	(363,925)	(745,884)
Proceeds on disposal of investments	98,582	180,971
	(265,343)	(564,913)
Increase (decrease) in cash resources	290,156	(279,070)
Cash resources, beginning of year	329,382	608,452
Cash resources, end of year	619,538	329,382

The accompanying notes are an integral part of these financial statements

Portage District General Hospital Foundation

Notes to the Financial Statements

For the year ended March 31, 2020

1. Incorporation and nature of the organization

Portage District General Hospital Foundation (the "Foundation") was incorporated in 1986 under the laws of the Province of Manitoba. It is a registered charitable organization under the Income Tax Act, and is non-taxable. Its purpose is to receive and invest donations for the use of the Portage District General Hospital, Regency House and Douglas Campbell Lodge.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Capital assets

Capital assets are recorded at cost. The cost for contributed capital assets is considered to be fair value at the date of contribution.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Equipment	20 %
Office equipment	10 %

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability. Provisions are made for slow-moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenue over expenses in the periods in which they become known.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as revenue when earned.

Revenue from fundraising is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from vending and gift shop sales is recognized when the item or service has been received by the purchaser and collection is reasonably assured.

Portage District General Hospital Foundation

Notes to the Financial Statements

For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition *(Continued from previous page)*

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Revenue from lottery is recognized when collection has occurred and winners' proceeds have been distributed.

Contributed services

Contributions of services are not recognized in the financial statements due to the difficulty of determining their fair value.

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Foundation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's value. Any impairment is included in operations for the year.

Financial instruments

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The Foundation has not made such an election during the year.

The Foundation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Foundation's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

The carrying values of financial assets measured at amortized cost or fair value, and of investments in equity instruments measured at cost less impairment are as follows:

	CAD\$ 2020	CAD\$ 2019
Financial assets measured at fair value:		
Cash and cash equivalents	619,538	324,814
Investments	10,872,691	10,850,884
Financial assets measured at amortized cost:		
Accrued interest	7,014	8,531
Investments	343,405	441,986
Trust funds on deposit	104,658	99,484

Portage District General Hospital Foundation

Notes to the Financial Statements

For the year ended March 31, 2020

2. Significant accounting policies (Continued from previous page)

Financial asset impairment:

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group, there are numerous assets affected by the same factors, or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty and whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of excess in the year the reversal occurs.

Fund accounting

The Foundation follows the deferral method of accounting for contributions and reports using fund accounting, and maintains four funds: Unrestricted Fund, Internally Restricted Fund, Capital Fund and Trust Fund.

The Unrestricted Fund reports the Foundation's program delivery and administrative activities. This fund reports unrestricted resources, and internally restricted operating funds.

The Capital Fund reports the Foundation's assets, liabilities, revenue and expenses related to Portage District General Hospital Foundation's capital assets.

The Trust Fund reports only the one-third interest in a charitable remainder trust, as described in Note 6.

The Internally Restricted Fund reports funds internally restricted for future capital projects.

3. Inventory

	2020	2019
Gift shop	18,500	18,500
Vending	2,500	5,000
	21,000	23,500

The cost of inventories recognized as an expense and included in cost of sales amounted to \$33,035 (2019 – \$20,204).

Portage District General Hospital Foundation Notes to the Financial Statements

For the year ended March 31, 2020

4. Investments

	2020	2019
Measured at amortized cost:		
Rural Municipality of Portage la Prairie debentures	194,966	273,003
City of Portage la Prairie debentures	148,439	168,983
	343,405	441,986
Measured at fair value:		
Investors Group portfolio - Equities	108,700	114,356
Scotia Asset Management - Equities, bonds, cash and cash equivalents	10,763,991	10,736,528
	10,872,691	10,850,884
Less: current portion	(93,280)	(98,582)
	11,122,816	11,194,288

Debentures earn interest at rates of 3.750% to 6.125% (2019 - 3.750% to 6.125%) and mature between 2020 and 2025 (2019 - between 2019 and 2025).

5. Capital assets

	2020 <i>Cost</i>	2020 <i>Accumulated amortization</i>	2020 <i>Net book value</i>	2019 <i>Net book value</i>
Equipment	99,762	84,597	15,165	17,841
Office equipment	33,275	32,744	531	1,086
	133,037	117,341	15,696	18,927

6. Trust funds on deposit

At present, trust funds on deposit are designated for the Foundation at the time of the death of the individuals.

The Foundation is a beneficiary of the Estate of James Francis Taylor. As a beneficiary of the Estate, the Foundation received a one-third interest in a charitable remainder trust. As at year-end, the amortized cost of the Foundation's one-third interest has been calculated to be \$104,658 (2019 - \$99,484). This represents the amortized cost of the parcel(s) of land presently owned by the trust and will be sold upon the passing of the last surviving brother and sister of the late James Francis Taylor, therefore collapsing the charitable remainder trust. Upon collapse of the charitable remainder trust, the Foundation will receive one third of the proceeds from the sale of the parcel(s) of land.

7. Commitments

The Foundation has commitments of \$144,013 (2019 - \$147,583) to provide funding to the Regional Health Authority - Southern Health for various equipment purchases.

Portage District General Hospital Foundation

Notes to the Financial Statements

For the year ended March 31, 2020

8. Subsequent event

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Foundation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

9. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Foundation is exposed to interest rate risk primarily relating to investments.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation enters into transactions to purchase shares or equities, for which the market price fluctuates.