

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION**  
**FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2018**

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION**  
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**AS AT MARCH 31, 2018**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Prince Edward County Memorial Hospital Foundation

**Report on the Financial Statements**

We have audited the accompanying financial statements of Prince Edward County Memorial Hospital Foundation, which comprise the statement of financial position as at March 31, 2018 and the statements of fund balances, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether, as at and for the years ended March 31, 2018 and March 31, 2017, any adjustments might be necessary to donations revenue, excess of revenue over expenditure, assets and fund balances.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the financial statements present fairly, in all material respects, the financial position of Prince Edward County Memorial Hospital Foundation as at March 31, 2018, 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.



BELLEVILLE, Canada  
May 24, 2018

Chartered Professional Accountants  
Licensed Public Accountants

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2018**

|   | 2018                  |                                    |                                |                  |                     |
|---|-----------------------|------------------------------------|--------------------------------|------------------|---------------------|
|   | General<br>Fund<br>\$ | Capital<br>Donations<br>Fund<br>\$ | Interfund<br>Elimination<br>\$ | Total<br>\$      | 2017<br>Total<br>\$ |
| <b>ASSETS</b>                               |                       |                                    |                                |                  |                     |
| <b>CURRENT</b>                              |                       |                                    |                                |                  |                     |
| Cash  | 730,716               |                                    |                                | 730,716          | 683,079             |
| Accounts receivable                         | 16,200                |                                    |                                | 16,200           | 7,961               |
| Due from general fund                       |                       | (116,177)                          | 116,177                        |                  |                     |
| Prepaid expenses                            | 5,650                 |                                    |                                | 5,650            | 1,018               |
|   | <b>752,566</b>        | <b>(116,177)</b>                   | <b>116,177</b>                 | <b>752,566</b>   | <b>692,058</b>      |
| <b>LONG-TERM</b>                            |                       |                                    |                                |                  |                     |
| Investments - Note 3                        | 1,879,863             |                                    |                                | 1,879,863        | 1,853,324           |
|   | <b>2,632,429</b>      | <b>(116,177)</b>                   | <b>116,177</b>                 | <b>2,632,429</b> | <b>2,545,382</b>    |
| <b>LIABILITIES</b>                          |                       |                                    |                                |                  |                     |
| Accounts payable and<br>accrued liabilities | 167,309               |                                    |                                | 167,309          | 33,460              |
| Government<br>remittances payable           | 3,318                 |                                    |                                | 3,318            | 1,893               |
| Due to capital<br>donations fund            | (116,177)             |                                    | 116,177                        |                  |                     |
|   | <b>54,450</b>         | <b>NIL</b>                         | <b>116,177</b>                 | <b>170,627</b>   | <b>35,353</b>       |
| <b>FUND BALANCES</b>                        |                       |                                    |                                |                  |                     |
| Externally restricted<br>- Note 4           |                       | (116,177)                          |                                | (116,177)        | 228,903             |
| Unrestricted                                | 2,577,979             |                                    |                                | 2,577,979        | 2,281,126           |
|   | <b>2,577,979</b>      | <b>(116,177)</b>                   | <b>NIL</b>                     | <b>2,461,802</b> | <b>2,510,029</b>    |
| <b>APPROVED ON BEHALF OF THE BOARD</b>      |                       |                                    |                                |                  |                     |
| _____ Director                              |                       |                                    |                                |                  |                     |
| _____ Director                              |                       |                                    |                                |                  |                     |
|   | <b>2,632,429</b>      | <b>(116,177)</b>                   | <b>116,177</b>                 | <b>2,632,429</b> | <b>2,545,382</b>    |

The accompanying notes form an integral part of these financial statements

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
STATEMENT OF FUND BALANCES  
FOR THE YEAR ENDED MARCH 31, 2018**

|  | <u>General</u><br><b>Fund</b><br>\$ | <u>2018</u><br><b>Capital</b><br><b>Donations</b><br><b>Fund</b><br>\$ | <u>Total</u><br>\$ | 2017<br>Total<br>\$ |
|--|-------------------------------------|--|--------------------|---------------------|
| <b>FUND BALANCES -<br/>BEGINNING OF YEAR -</b>                                 | <b>2,281,126</b>                    | <b>228,903</b>   | <b>2,510,029</b>   | 2,211,606           |
| <b>EXCESS OF REVENUE OVER<br/>EXPENDITURES (EXPENDITURES<br/>OVER REVENUE)</b> | <b>306,032</b>                      | <b>(354,259)</b>   | <b>(48,227)</b>    | 298,423             |
| <b>INTERFUND TRANSFERS - Note 5</b>  | <b>(9,179)</b>                      | <b>9,179</b>   |                    |                     |
| <b>FUND BALANCES - END<br/>OF YEAR</b>   | <b>2,577,979</b>                    | <b>(116,177)</b>   | <b>2,461,802</b>   | 2,510,029           |

The accompanying notes form an integral part of these financial statement

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

|  | General<br>Fund<br>\$ | 2018<br>Capital<br>Donations<br>Fund<br>\$ | Total<br>\$     | 2017<br>Total<br>\$ |
|--|-----------------------|--|-----------------|---------------------|
| <b>REVENUE</b>   |                       |  |                 |                     |
| Donations and bequests   | 172,964               | 25,432                                     | 198,396         | 509,065             |
| Investment income - Note 6   | 67,562                |  | 67,562          | 115,484             |
| Fundraising and other income   | 362,801               |  | 362,801         | 29,370              |
| Donations of equity securities   | 53,953                |  | 53,953          | 49,882              |
| Unrealized gain on investments   |                       |  |                 | 21,367              |
| Municipal grant  | 75,000                |  | 75,000          | 30,000              |
|  | <b>732,280</b>        | <b>25,432</b>                              | <b>757,712</b>  | <b>755,168</b>      |
| <b>EXPENDITURES</b>  |                       |  |                 |                     |
| Advertising and promotion  | 7,298                 |  | 7,298           | 9,500               |
| Audit fees and bookkeeping   | 7,016                 |  | 7,016           | 9,355               |
| Computer software and support  | 5,980                 |  | 5,980           | 4,284               |
| Dialysis Clinic  |                       |  |                 | 7,210               |
| Fundraising expenses   | 29,913                |  | 29,913          | 19,726              |
| Investment management fees   | 19,570                |  | 19,570          | 18,690              |
| Legal fees   |                       |  |                 | 249                 |
| Miscellaneous  | 5,944                 |  | 5,944           | 424                 |
| Office expenses  | 18,847                |  | 18,847          | 16,044              |
| Printing, stationary and postage   | 7,812                 |  | 7,812           | 5,055               |
| Professional fees - other  |                       |  |                 | 21,141              |
| Wages and benefits   | 109,409               | 24,143                                     | 133,552         | 101,608             |
| Unrealized loss on investments   | 17,095                |  | 17,095          |                     |
| Transfers to Quinte Healthcare Corporation - Prince Edward County Memorial site: |                       |  |                 |                     |
| 2017 Equipment   |                       |  |                 | 230,549             |
| Planning for new hospital  |                       | 355,548                                    | 355,548         | 12,910              |
| 2018 Equipment   |                       |  |                 |                     |
| - Upgrade to Intellivue Monitors   | 41,558                |  | 41,558          |                     |
| - Scopes   | 70,806                |  | 70,806          |                     |
| - MRI campaign   | 85,000                |  | 85,000          |                     |
|  | <b>426,248</b>        | <b>379,691</b>                             | <b>805,939</b>  | <b>456,745</b>      |
| <b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)</b>           |                       |  |                 |                     |
|  | <b>306,032</b>        | <b>(354,259)</b>                           | <b>(48,227)</b> | <b>298,423</b>      |

The accompanying notes form an integral part of these financial statement

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

|  | General<br>Fund<br>\$ | 2018<br>Capital<br>Donations<br>Fund<br>\$ | Total<br>\$     | 2017<br>Total<br>\$ |
|--|-----------------------|--|-----------------|---------------------|
| <b>OPERATING ACTIVITIES</b>  |                       |  |                 |                     |
| Excess of revenue over expenditures<br>(expenditures over revenue)       | 306,032               | (354,259)                                  | (48,227)        | 298,423             |
| Adjustments for items which do not<br>affect cash                        |                       |  |                 |                     |
| Realized gain on investments   | (20)                  |  | (20)            | (56,835)            |
| Unrealized (gain) loss on investments                                    | 17,095                |  | 17,095          | (21,367)            |
|  | <u>323,107</u>        | <u>(354,259)</u>                           | <u>(31,152)</u> | <u>220,221</u>      |
| Net change in non-cash working capital<br>balances related to operations |                       |  |                 |                     |
| Accounts receivable  | (8,239)               |  | (8,239)         | (2,019)             |
| Prepaid expenses   | (4,632)               |  | (4,632)         |                     |
| Due to capital fund  | (354,259)             | 354,259                                    |                 |                     |
| Accounts payable and accrued<br>liabilities                              | 133,849               |  | 133,849         | 19,706              |
| Government remittances payable   | 1,425                 |  | 1,425           | 850                 |
|  | <u>(231,856)</u>      | <u>354,259</u>                             | <u>122,403</u>  | <u>18,537</u>       |
| <b>CASH FLOWS PROVIDED FROM<br/>OPERATING ACTIVITIES</b>                 | <u>91,251</u>         | NIL  | <u>91,251</u>   | <u>238,758</u>      |
| <b>INVESTING ACTIVITIES</b>  |                       |  |                 |                     |
| Purchase of investments  | (2,055,612)           |  | (2,055,612)     | (881,507)           |
| Proceeds on sale of investments  | 2,011,998             |  | 2,011,998       | 792,404             |
| <b>CASH FLOWS USED IN INVESTING<br/>ACTIVITIES</b>                       | <u>(43,614)</u>       | NIL  | <u>(43,614)</u> | <u>(89,103)</u>     |
| <b>NET INCREASE IN CASH AND<br/>EQUIVALENTS</b>                          | 47,637                | NIL  | 47,637          | 149,655             |
| <b>CASH AND EQUIVALENTS -<br/>BEGINNING OF YEAR</b>                      | <u>683,079</u>        | NIL  | <u>683,079</u>  | <u>533,424</u>      |
| <b>CASH AND EQUIVALENTS<br/>- END OF YEAR</b>                            | <u>730,716</u>        | NIL  | <u>730,716</u>  | <u>683,079</u>      |
| <b>REPRESENTED BY:</b>   |                       |  |                 |                     |
| Cash   | 730,716               | NIL  | 730,716         | 683,079             |

The accompanying notes form an integral part of these financial statement

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

**1. PURPOSE OF ORGANIZATION**

Prince Edward County Memorial Hospital Foundation is a not-for-profit organization, incorporated under the laws of Ontario, without share capital.

The purpose of the Foundation is to support and enhance the operations of the Prince Edward County Memorial Hospital and various charitable organizations whose objectives support or are consistent with health care and benefit the community served by the Prince Edward County Memorial Hospital.

The Foundation has been registered with Canada Revenue Agency as a charitable public foundation, and accordingly, is exempt from income taxes.

**2. ACCOUNTING POLICIES**

Outlined below are those accounting policies and reporting practices considered to be particularly significant and adopted by the Foundation:

**(a) Basis of Accounting**

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

**(b) Accounting 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 amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. The most significant management estimates relate to the valuation of accounts receivable. Actual results could differ from these estimates.

**(c) Portfolio Investments**

Portfolio investments are acquired substantially for their income earning potential and are initially recorded at their acquisition cost. Portfolio investments are subsequently adjusted to fair value as at the date of the statement of financial position, and the corresponding unrealized gains and losses are recorded in the statement of operations for the year.

**(d) Fund Accounting**

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

The General Fund accounts for the Foundation's day-to-day operating and administrative activities, financed from unspecified donations and investment income.

The Capital Donations Fund reports assets, liabilities, revenues and expenditures related to donations received for additions or improvements to the building and other capital items.



**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

**2. ACCOUNTING POLICIES (Cont'd)**

**(e) Financial Instruments**

**(i) Measurement of Financial Instruments**

The Foundation initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Foundation subsequently measures all its financial assets (with the exception of portfolio investments) and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial assets measured at fair value include portfolio investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances payable.

**(ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is reflected in excess (deficiency) of revenues over expenditures. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess (deficiency) of revenue over expenditures, up to the amount previously recognized as impaired.

**(f) Tangible Capital Assets**

Acquisitions and disposals of tangible capital assets are treated as disbursements and receipts in the year in which the transaction occurs.

**(g) Revenue Recognition**

**(i) Investment Income**

Investment income from interest and dividends is recorded on an earned basis.

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

**2. ACCOUNTING POLICIES (Cont'd)**

**(g) Revenue Recognition (Cont'd)**

**(ii) Donations and Bequests**

Restricted donations and bequests related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue in the Capital Donations Fund in the year received and not when pledged.

Unrestricted donations and bequests are recognized as revenue in the General Fund in the year received and not when pledged.

**(h) Contributed Services**

Directors and committee members volunteer their time to assist in the Foundation's activities. While these services benefit the Foundation considerably, a reasonable estimate of their amount and fair value cannot be made, and accordingly, these contributed services are not recognized in the financial statements.

**(i) Cash and Equivalents**

Cash and equivalents consist of cash on deposit.

**3. INVESTMENTS**

(a) The estimated fair value of the investments are as follows:

|                                      | <b>2018</b>            | 2017            |
|--------------------------------------|------------------------|-----------------|
|                                      | \$                     | \$              |
| <b>General Fund</b>                  |                        |                 |
| Debt Securities                      |                        |                 |
| Government & provincially guaranteed |                        | 197,838         |
| Equity Securities                    | <b>676,671</b>         | 735,991         |
| Mutual Funds                         | <b>1,203,192</b>       | 919,495         |
|                                      | <hr/> <b>1,879,863</b> | <hr/> 1,853,324 |

(b) During the year, the government & provincially guaranteed fixed income securities were liquidated based on the Foundation's needs.

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

**4. EXTERNALLY RESTRICTED FUND BALANCE**

|   | <b>2018</b>      | 2017    |
|---|------------------|---------|
|   | \$               | \$      |
| Capital Donations Fund, the income from which is unrestricted | <b>(116,177)</b> | 228,903 |

The restricted fund balance consists of the following:

|                       | Unexpended<br>Balance<br>2017<br>\$ | Donations<br>Received &<br>Transferred During<br>the Year<br>\$ | Expended<br>During<br>the Year<br>\$ | Unexpended<br>Balance<br>2018<br>\$ |
|-----------------------|-------------------------------------|---|--------------------------------------|-------------------------------------|
| Cardiac Rehab Program | 800                                 |   |                                      | <b>800</b>                          |
| Dialysis Clinic       | 1,151                               | 3,351   |                                      | <b>4,502</b>                        |
| Equipment             | 226,952                             | 31,260  | 379,691                              | <b>(121,479)</b>                    |
|                       | 228,903                             | 34,611  | 379,691                              | <b>(116,177)</b>                    |

Under The Income Tax Act, a charitable public foundation is exempt from income taxes provided it disburses certain portions of its funds on charitable activities. Charitable activities include accumulating funds with the approval of The Minister of National Revenue.

**5. INTERFUND TRANSFERS**

During the year, the Foundation internally transferred from the General Fund to the Capital Asset Fund \$9,179 (2017 - \$7,111). These transfers are to fund the cash outlays required for tangible capital asset acquisitions and for the costs related to the planning of the new hospital.

**6. INVESTMENT INCOME**

Investment income earned from investments is as follows:

|                        | <b>2018</b>   | 2017    |
|------------------------|---------------|---------|
|                        | \$            | \$      |
| Interest and dividends | <b>67,542</b> | 58,649  |
| Capital gains          | <b>20</b>     | 56,835  |
|                        | <b>67,562</b> | 115,484 |

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

**7. RELATED PARTY TRANSACTIONS**

Related parties include the Quinte Healthcare Corporation. Transactions with this related party have been recorded at the exchange amount and include:

**Medical Equipment**

During the year, the Prince Edward County Memorial Hospital Foundation transferred amounts totalling \$197,363 (2017 - \$230,549) to the Quinte Healthcare Corporation for commitments made by the Prince Edward County Memorial Hospital Foundation to the Quinte Healthcare Corporation - Prince Edward County Memorial site for various capital equipment purchases.

**Capital Planning**

During the year, the Prince Edward County Memorial Hospital Foundation transferred amounts totalling \$94,575 (2017 - \$NIL) to the Quinte Healthcare Corporation for commitments made by the Prince Edward County Memorial Hospital Foundation to the Quinte Healthcare Corporation - Prince Edward County Memorial site for various capital planning expenses for the new hospital.

**8. COMMITMENTS**

The Board of Directors has approved the following commitments:

For the 2015/2016 fiscal year, the Foundation made funding commitments to Quinte Healthcare Corporation for medical equipment in an amount not to exceed \$343,528. At year end, \$30,680 remains to be transferred once funding requests are received.

For the 2016/2017, The Foundation made funding commitments to Quinte Healthcare Corporation for hospital planning services in the amount of \$255,000. At year end, \$Nil remains to be transferred as all funding requests have been received and paid.

In addition to the 2016/2017 fiscal year, the Foundation has made funding commitments to Quinte Healthcare Corporation for the MRI Campaign in an amount not to exceed \$170,000. At year end, \$Nil remains to be transferred as all funding requests have been received and paid.

During the 2016/2017 fiscal year, the Foundation entered into an agreement with Ketchum Canada Inc. with respect to their new hospital campaign for an initial fee of \$25,000 plus travel plus HST and then starting in November 2017 for a monthly fee of \$18,000 plus travel plus HST until March 2018. A new agreement was started in April 2018 for a monthly fee of \$12,000 plus travel plus HST until September 2018. Amounts paid during the year were \$95,627 (2017 - \$21,141).

For the 2017/2018 fiscal year, the Foundation has made funding commitments to Quinte Healthcare Corporation for capital planning in an amount not to exceed \$250,000. At year end, \$94,575 has been transferred plus an amount of \$155,425 for outstanding commitments is included in accounts payable and accrued liabilities which represents the remaining balance towards the \$250,000 committed by the Foundation.

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

**9. FINANCIAL RISKS AND CONCENTRATION OF RISK**

The risks that arise from transacting financial instruments include market risk, liquidity risk and credit risk.

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk.

**Interest Rate Risk**

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Foundation is exposed to interest rate risk through its interest-bearing investments, as discussed in Note 3 of these financial statements. As prevailing interest rates increase or decrease, the market value of the interest-bearing investments also change. However, the Foundation intends to hold these investments to maturity, thereby reducing any potential interest rate risk.

**Currency Risk**

Currency risk relating to the Foundation operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange levels when adverse changes in the foreign currency rates occur.

Although the Foundation holds cash and investments with a carrying value of approximately \$186,000 USD, management does not believe that the Foundation is exposed to significant currency risk from these financial instruments

**Equity Risk**

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Foundation is exposed to this risk through its equity holdings within its investment portfolio, as disclosed in Note 3 to these financial statements.

This risk is mitigated through the Foundation's investment policy which is risk averse, in addition to the use of qualified investment brokers, which manage the Foundation's investments.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

**9. FINANCIAL RISKS AND CONCENTRATION OF RISK (Cont'd)**

**Liquidity Risk**

Liquidity risk is the risk that the Foundation will not be able to meet all cash outflow obligations as they come due.

The Foundation's exposure to liquidity risk is dependent on the receipt of funds from its operations. The Foundation mitigates this risk by monitoring cash activities and expected outflows. Management is of the opinion that the Foundation will be able to meet all of its cash flow obligations as they come due and are not subject to significant liquidity risk.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

**Credit Risk**

Credit risk is the risk of financial loss if a debtor fails to make payments of interest and principal when due.

The Foundation is exposed to this risk relating to its debt holdings in its investment portfolio. This risk is mitigated through the Foundation's investment policy which is risk averse and consists of utilizing qualified investment brokers to manage their investments.

**10. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with financial statement presentation adopted for the current year.