

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION**  
**FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2021**

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION**  
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**AS AT MARCH 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Prince Edward County Memorial Hospital Foundation

### Qualified Opinion

We have audited the financial statements of Prince Edward County Memorial Hospital Foundation (the Foundation), which comprise the statement of financial position as at March 31, 2021, and the statements of fund balances, operations 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, 2021, and its financial performance 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, the completeness of which is not susceptible of 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, 2021 and March 30, 2020, any adjustments might be necessary to donations revenue, excess of revenues over expenditures, assets and fund balances.

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 these 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.

**INDEPENDENT AUDITOR'S REPORT  
(CONT'D)**

**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.

*Wilkinson & Company LLP*

BELLEVILLE, Canada  
June 4, 2021

Chartered Professional Accountants  
Licensed Public Accountants

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2021**

	2021				Total \$	2020 Total \$
	Unrestricted General Fund \$	Restricted Capital Fund \$	Restricted New Hospital Fund \$	Endowment Fund \$		
<b>ASSETS</b>						
<b>CURRENT</b>						
Cash	603,258	159,079	5,538,700	5,166	6,306,203	2,662,777
Accounts receivable	14,343		3,909	1,084	19,336	14,294
Prepaid expenses	4,695				4,695	4,695
Investments - Note 3	2,142,115		1,860,893	302,864	4,305,872	2,166,015
	<b>2,764,411</b>	<b>159,079</b>	<b>7,403,502</b>	<b>309,114</b>	<b>10,636,106</b>	<b>4,847,781</b>
<b>LONG-TERM</b>						
Tangible Capital Assets - Note 4	3,289				3,289	
Intangible Asset - Website	41,680				41,680	
	<b>44,969</b>				<b>44,969</b>	
	<b>2,809,380</b>	<b>159,079</b>	<b>7,403,502</b>	<b>309,114</b>	<b>10,681,075</b>	<b>4,847,781</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	23,603	59,244	15,470	851	99,168	100,481
<b>FUND BALANCES</b>						
Externally restricted		99,835	7,388,032	308,263	7,796,130	2,547,845
Unrestricted	2,785,777				2,785,777	2,199,455
	<b>2,785,777</b>	<b>99,835</b>	<b>7,388,032</b>	<b>308,263</b>	<b>10,581,907</b>	<b>4,747,300</b>
<b>APPROVED ON BEHALF OF THE BOARD</b>						
_____ Director						
_____ Director						
	<b>2,809,380</b>	<b>159,079</b>	<b>7,403,502</b>	<b>309,114</b>	<b>10,681,075</b>	<b>4,847,781</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, 2021**

	2021				Total \$	2020 Total \$
	Unrestricted General Fund \$	Restricted Capital Fund \$	Restricted New Hospital Fund \$	Endowment Fund \$		
<b>FUND BALANCES - BEGINNING OF YEAR</b>	2,199,455	111,627	2,160,298	275,920	4,747,300	3,034,684
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	586,322	(199,011)	5,414,953	32,343	5,834,607	1,712,616
<b>INTERFUND TRANSFERS - Note 5</b>		187,219	(187,219)		NIL	NIL
<b>FUND BALANCES - END OF YEAR</b>	2,785,777	99,835	7,388,032	308,263	10,581,907	4,747,300

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, 2021**

	2021					2020 Total \$
	Unrestricted General Fund \$	Restricted Capital Fund \$	Restricted New Hospital Fund \$	Endowment Fund \$	Total \$	
<b>REVENUE</b>						
Donations and bequests	606,246	89,574	5,386,340		6,082,160	2,337,635
Investment income - Note 6	124,573		15,060	12,223	151,856	136,835
Other income	42				42	714
Donations of equity securities	40,866		175,526		216,392	67,615
Increase (decrease) in unrealized gain on investments	177,025		10,887	23,179	211,091	(159,547)
	<b>948,752</b>	<b>89,574</b>	<b>5,587,813</b>	<b>35,402</b>	<b>6,661,541</b>	<b>2,383,252</b>
<b>EXPENDITURES</b>						
Advertising and promotion	4,750				4,750	5,519
Amortization of tangible capital assets	366				366	
Audit fees and bookkeeping	9,355				9,355	9,355
Bank charges and interest	6,496				6,496	5,835
Computer software and support	5,967				5,967	5,093
Consulting fees						15,747
Fundraising expenses	25,357		55,425		80,782	33,491
Investment management fees	21,429			3,059	24,488	21,229
Miscellaneous	60				60	985
Office expenses	10,412				10,412	11,417
Printing, stationary and postage	7,589				7,589	5,693
Redevelopment						1,725
Wages and benefits	117,435		117,435		234,870	199,828
	<b>209,216</b>	<b>NIL</b>	<b>172,860</b>	<b>3,059</b>	<b>385,135</b>	<b>315,917</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE THE UNDERNOTED ITEMS</b>	<b>739,536</b>	<b>89,574</b>	<b>5,414,953</b>	<b>32,343</b>	<b>6,276,406</b>	<b>2,067,335</b>
Transfers to Quinte Healthcare Corporation Note - 7	153,214	288,585			441,799	354,719
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>586,322</b>	<b>(199,011)</b>	<b>5,414,953</b>	<b>32,343</b>	<b>5,834,607</b>	<b>1,712,616</b>

The accompanying notes form an integral part of these financial statements

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

	2021				Total \$	2020 Total \$
	Unrestricted General Fund \$	Restricted Capital Fund \$	Restricted New Hospital Fund \$	Endowment Fund \$		
<b>OPERATING ACTIVITIES</b>						
Excess of revenue over expenditures	586,322	(199,011)	5,414,953	32,343	5,834,607	1,712,616
Adjustments for items which do not affect cash						
Realized capital gain on investments	(51,334)			(2,084)	(53,418)	(50,068)
(Increase) decrease in unrealized gain on investments	(177,025)		(10,887)	(23,179)	(211,091)	159,547
Amortization on tangible capital assets	366				366	
	<b>358,329</b>	<b>(199,011)</b>	<b>5,404,066</b>	<b>7,080</b>	<b>5,570,464</b>	<b>1,822,095</b>
Net change in non-cash working capital balances related to operations						
Accounts receivable	(3,014)		(2,057)	29	(5,042)	(6,609)
Prepaid expenses						(404)
Accounts payable and accrued liabilities	(829)	(1,597)	703	410	(1,313)	78,451
Government remittances payable						(3,588)
	<b>(3,843)</b>	<b>(1,597)</b>	<b>(1,354)</b>	<b>439</b>	<b>(6,355)</b>	<b>67,850</b>
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>	<b>354,486</b>	<b>(200,608)</b>	<b>5,402,712</b>	<b>7,519</b>	<b>5,564,109</b>	<b>1,889,945</b>
<b>INVESTING ACTIVITIES</b>						
Purchase of investments	(1,251,384)		(1,850,006)	(194,969)	(3,296,359)	(2,615,855)
Proceeds on sale of investments	1,228,395			192,616	1,421,011	2,223,271
Purchase of tangible capital assets	(3,655)				(3,655)	
Purchase of intangible assets	(41,680)				(41,680)	
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(68,324)</b>	<b>NIL</b>	<b>(1,850,006)</b>	<b>(2,353)</b>	<b>(1,920,683)</b>	<b>(392,584)</b>
<b>FINANCING ACTIVITIES</b>						
Interfund transfers		187,219	(187,219)		NIL	NIL
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	<b>286,162</b>	<b>(13,389)</b>	<b>3,365,487</b>	<b>5,166</b>	<b>3,643,426</b>	<b>1,497,361</b>
<b>CASH AND EQUIVALENTS - BEGINNING OF YEAR</b>	<b>317,096</b>	<b>172,468</b>	<b>2,173,213</b>		<b>2,662,777</b>	<b>1,165,416</b>
<b>CASH AND EQUIVALENTS - END OF YEAR</b>	<b>603,258</b>	<b>159,079</b>	<b>5,538,700</b>	<b>5,166</b>	<b>6,306,203</b>	<b>2,662,777</b>
<b>REPRESENTED BY:</b>						
Cash	603,258	159,079	5,538,700	5,166	6,306,203	2,662,777

The accompanying notes form an integral part of these financial statements



**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**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) Investments**

Investments are acquired substantially for their income earning potential and are initially recorded at their acquisition cost. 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.

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

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

**(d) Fund Accounting**

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

The General Fund accounts for the unrestricted revenue from donations, fundraising activities and investment income and the Foundation's general operations.

The Capital Fund accounts for donations and revenue generated from fundraising activities restricted for the purpose of purchasing medical equipment or other capital equipment for Prince Edward County Memorial Hospital and, in some circumstances, other Quinte Healthcare Corporation sites based on shared services. The Foundation maintains the funds received and will pay Quinte Healthcare Corporation for approved funding amounts as are requested in writing for such purposes with appropriate supporting documentation.

The New Hospital Fund accounts for the restricted donations, fundraising activities and investment income and expenditures for the New Hospital Back the Build Campaign.

The Endowment Fund accounts for donations designated for endowment. The investment earnings of endowment funds are used to support the mission of the Foundation or other purposes specified by the donor upon approval by the Foundation's Board of Directors. Endowments can be restricted in their use or unrestricted depending on the donor's intent.

**(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 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 investments.

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

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

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

**(e) Financial Instruments (Cont'd)**

**(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**

Tangible capital assets are recorded at cost, net of direct government and other assistance. Contributed assets are recorded at fair value at the date of contribution. The following annual rates and methods allow for annual straight-line amortization expense of the Foundation's assets to reflect management's estimate of the useful life of each class of asset:

<b>Asset</b>	<b>Basis</b>	<b>Rate</b>
Computer Equipment	Straight-line	Over 5 years

**(g) Intangible Assets**

Intangible assets are stated at acquisition cost and amortized when a definite life can be determined. The website for the Foundation is recorded at cost and is not being amortized as it is deemed to have an indefinite life. The annual maintenance of the individual asset is recognized in earnings in the year that they are incurred. Gains or losses on the disposal of individual assets are recognized in earnings in the year of disposal.

**(h) Revenue Recognition**

**(i) Investment Income**

Investment income is recognized on an earned basis.

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

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

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

**(ii) Donations and Bequests**

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

Restricted donations and bequests are recognized as revenue in the Capital Fund, New Hospital Fund and Endowment Fund as intended, in the year received and not when pledged.

Donations and bequests consisting of donated equity securities are recorded at the fair market value of the security as at the date of the transfer and recognized in revenue in the fund as intended.

**(i) Contributed Services**

Related parties, as described in Note 7 to these financial statements, volunteer their time and services 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.

**(j) Cash and Equivalents**

Cash and equivalents consist of cash on deposit.

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**3. INVESTMENTS**

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

2020	2021	
	\$	\$
<b>General Fund</b>		
Equity securities	810,893	585,537
Mutual funds	1,331,222	1,302,730
Guaranteed investment certificate		2,500
<b>Total General Fund</b>	<b>2,142,115</b>	1,890,767
<b>Endowment Fund</b>		
Equity securities	97,260	35,409
Mutual funds	205,604	239,839
<b>Total Endowment Fund</b>	<b>302,864</b>	275,248
<b>New Hospital Fund</b>		
Fixed income	1,860,893	
<b>Total Investments</b>	<b>4,305,872</b>	2,166,015

(b) The fixed income investments hold effective interest rates ranging from 0.75% to 0.95% and mature in July 2021.

**4. TANGIBLE CAPITAL ASSETS**

	2021		2020	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Computer Equipment	3,655	366	NIL	NIL
<b>Cost less accumulated amortization</b>	<b>\$ 3,289</b>		\$	NIL

During the year, tangible capital assets were acquired at an aggregate cost of \$3,655 (\$NIL in 2020).

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**5. INTERFUND TRANSFERS**

During the year, the Foundation permanently transferred \$NIL (2020 - \$408,269) from the General Fund to the New Hospital Fund and \$NIL (2020 - \$277,312) from the Capital Fund to the New Hospital Fund. During the year, the Foundation permanently transferred \$187,219 (2020 - \$NIL) from the New Hospital Fund to the Capital Fund.

This transfer was to reimburse the Capital Fund for the purchase of equipment for the "Back the Build" new hospital fundraising campaign.

**6. INVESTMENT INCOME**

Investment income earned from investments is as follows:

	2021			2020	
	Unrestricted General Fund \$	Restricted New Hospital Fund \$	Endowment Fund \$	Total \$	\$
Interest	458	15,060	286	15,804	23,262
Dividends	35,544		4,438	39,982	30,392
Other income	37,237		5,415	42,652	33,113
Capital gains	51,334		2,084	53,418	50,068
	124,573	15,060	12,223	151,856	136,835

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**7. RELATED PARTY TRANSACTIONS**

Prince Edward County Memorial Hospital Foundation is one of several organizations that Quinte Healthcare Corporation has an economic interest in. The Foundation's principal activity is to collect and maintain funds to be used substantially for building, equipment purchases and special program costs for Quinte Healthcare Corporation. Prince Edward County Memorial Hospital Auxiliary is another one of the organizations that Quinte Healthcare Corporation has an economic interest and therefore it is also related to the Foundation.

Directors and key management personnel are related parties of the organization due to their authority for planning, directing and controlling activities of the Foundation.

During the year, the Foundation had the following transactions with these organizations and individuals:

**Medical Equipment Transfers**

During the year, the Foundation transferred the following amounts to the Quinte Healthcare Corporation for previous commitments made by the Foundation for various capital equipment purchases:

	<b>Unrestricted General Fund</b>	<b>Restricted Capital Fund</b>
	\$	\$
Large volume infusion pumps		14,693
IV infusion pumps		80,851
Hand wash sink		16,959
ICU equipment		20,000
Shared equipment		37,718
Crash cart defibrillator		17,298
Centrella Smart+ beds		21,018
Steamer unit		7,326
Height adjustable sink		54,205
COVID-19 funds	153,214	
Bladder scanner		18,517
	<b>153,214</b>	<b>288,585</b>

During the March 31, 2020 year-end, the Foundation transferred amounts totalling \$354,719 to the Quinte Healthcare Corporation for previous commitments made by the Foundation for various capital equipment purchases. As at March 31, 2021, there were unpaid commitments of \$59,245 (2020 - \$60,715) included in accounts payable and accrued liabilities as described in Note 8 to these financial statements.

**Office Space and Other Services**

During the year, Quinte Healthcare Corporation provided office space, payroll services, human resources services and other services at the Prince Edward County Memorial Hospital site. These services have not been accounted for, in accordance with Note 2(g) to these financial statements.

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**7. RELATED PARTY TRANSACTIONS (Cont'd)**

**Donations**

During the year, the Foundation received donations from Prince Edward County Memorial Hospital Auxiliary of \$375,295 (2020 - \$507,947).

During the year, the Foundation received donations from certain board directors and key management of \$14,306 (2020 - \$30,529).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**8. COMMITMENTS**

The Board of Directors has approved the following commitments:

During the 2018/2019 fiscal year, The Foundation made funding commitments to Quinte Healthcare Corporation for medical equipment in an amount not to exceed \$254,743. During the 2019/2020 fiscal year, this was increased to \$293,805 due to a price variance. During the 2020/2021 fiscal, the commitment was increased to \$308,498 due to a price variance and the accounts payable balance of \$60,715 as at March 31, 2020 was paid. At year end, \$NIL remains to be transferred as all funding requests have been received and paid.

During the 2019/2020 fiscal year, the Foundation made funding commitments to Quinte Healthcare Corporation for medical equipment in an amount not to exceed \$362,000. During the 2020/2021 fiscal year, this was decreased to \$338,226 due to a price variance. As at March 31, 2021, \$NIL remains to be transferred as all funding requests have been received and paid.

During the 2019/2020 fiscal year, the Foundation made a funding commitment to Belleville General Hospital for ICU Capital Renovation in an amount not to exceed \$100,000 which is to be paid in annual payments of \$20,000. As at March 31, 2021, \$80,000 remains to be transferred.

During the 2020/2021 fiscal year, the Foundation made funding commitments to Quinte Healthcare Corporation for medical equipment in an amount not to exceed \$314,247. As at March 31, 2021, \$250,051 had been transferred, with a price variance of \$4,951, leaving outstanding commitments of \$59,245. The equipment that makes up the outstanding commitments include: shared equipment of \$5,040 and height adjustable sink of \$54,205.

During the 2020/2021 fiscal year, the Foundation approved a budget for funding commitments to Quinte Healthcare Corporation for medical equipment in the 2021/2022 fiscal year in an amount not to exceed \$250,000. As at March 31, 2021, \$250,000 remains to be transferred.

In 2018, the Foundation made a funding commitment to Quinte Healthcare Corporation for the new hospital in an amount not to exceed \$1,000,000. As at March 31, 2021, \$1,000,000 remains to be transferred.



**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**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 relates 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 foreign currency rates occur.

The Foundation is exposed to currency risk with respect to the cash and investments held with a carrying value of approximately \$231,000 USD as at March 31, 2021.

**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 and mutual fund holdings within its investment portfolio, as disclosed in Note 3 to these financial statements.

**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.

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**10. COVID-19**

During the year ended March 31, 2021, the Coronavirus (COVID-19) pandemic has continued to have a considerable impact both globally and locally, which has the potential to create financial stress on the Foundation.

Both federal and provincial governments have introduced legislative measures to combat the financial impact of the pandemic as well as combating the spread of the virus, including forced closures of several businesses.

At the date of these financial statements, the Foundation has not experienced a significant decline in public donations as compared with the previous year. Management continues to monitor the situation and the full financial impact on the Foundation could not be determined.