

June 9, 2020

Trenton Memorial Hospital Foundation  
242 King Street  
Trenton, ON  
K8V 5S6

**Attention: Mrs. Wendy Warner**

Dear Mrs. Warner:

We are enclosing a digital copy of the audited financial statements of Trenton Memorial Hospital Foundation for the year ended March 31, 2020. Please review these statements carefully and if you have any queries or comments, please contact this office.

Please sign the enclosed Representation Letter and return it to us by fax or email as soon as possible.

Yours truly,

WILKINSON & COMPANY LLP

  
Jeff D. Lay, CA, CGA

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**TRENTON MEMORIAL HOSPITAL FOUNDATION  
FINANCIAL STATEMENTS  
AS AT MARCH 31, 2020**

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
TABLE OF CONTENTS  
AS AT MARCH 31, 2020**

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Operations and Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 13

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Trenton Memorial Hospital Foundation

### **Qualified Opinion**

We have audited the financial statements of Trenton Memorial Hospital Foundation (the Foundation), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and changes in fund balances 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 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, 2020 and March 31, 2019, 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 Auditors' 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 AUDITORS' REPORT**  
**PAGE 2**

**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 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 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.

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*

TRENTON, Canada  
June 9, 2020

Chartered Professional Accountants  
Licensed Public Accountants

**TRENTON MEMORIAL HOSPITAL FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020**

	<u>Community Healthcare Fund</u>		<u>Restricted Funds</u>		<u>Endowment Funds</u>		<u>Total</u>	
	2020 \$ (000's)	2019 \$	2020 \$ (000's)	2019 \$	2020 \$ (000's)	2019 \$	2020 \$ (000's)	2019 \$
<b>CURRENT ASSETS</b>								
Cash	116	55	736	474	(4)	2	848	531
Accounts receivable	23	7	15	7	-	-	38	14
Prepaid	-	12	3	5	-	-	3	17
Amounts due from internal funds	-	8	75	78	-	-	75	86
	<b>139</b>	<b>82</b>	<b>829</b>	<b>564</b>	<b>(4)</b>	<b>2</b>	<b>964</b>	<b>648</b>
<b>TANGIBLE CAPITAL ASSETS - Note 4</b>	<b>115</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115</b>	<b>68</b>
<b>LONG-TERM ASSETS</b>								
Investments - Note 2(b)	2,198	2,707	9,662	11,012	2,807	2,815	14,667	16,534
	<b>2,452</b>	<b>2,857</b>	<b>10,491</b>	<b>11,576</b>	<b>2,803</b>	<b>2,817</b>	<b>15,746</b>	<b>17,250</b>
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued liabilities	31	11	2	12	-	-	33	23
Amounts due to Quinte Healthcare Corporation - Notes 5 & 8	32	27	1,891	2,701	-	-	1,923	2,728
Amounts due to internal funds	2	-	-	-	73	86	75	86
	<b>65</b>	<b>38</b>	<b>1,893</b>	<b>2,713</b>	<b>73</b>	<b>86</b>	<b>2,031</b>	<b>2,837</b>
<b>FUND BALANCES</b>								
Externally restricted - Notes 6 & 7	-	-	8,598	8,863	2,730	2,731	11,328	11,594
Unrestricted	2,387	2,819	-	-	-	-	2,387	2,819
	<b>2,387</b>	<b>2,819</b>	<b>8,598</b>	<b>8,863</b>	<b>2,730</b>	<b>2,731</b>	<b>13,715</b>	<b>14,413</b>
	<b>2,452</b>	<b>2,857</b>	<b>10,491</b>	<b>11,576</b>	<b>2,803</b>	<b>2,817</b>	<b>15,746</b>	<b>17,250</b>
<b>APPROVED ON BEHALF OF THE BOARD</b>								
_____	Director							
_____	Director							

The accompanying notes form an integral part of these financial statements



**TRENTON MEMORIAL HOSPITAL FOUNDATION**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MARCH 31, 2020**

	<u>Community Healthcare Fund</u>		<u>Restricted Funds</u>		<u>Endowment Funds</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$ (000's)	\$	\$ (000's)	\$	\$ (000's)	\$	\$ (000's)	\$
<b>REVENUE</b>								
Investment income - realized	200	217	1,141	744	13	9	1,354	970
Investment income (loss) - unrealized	(244)	(9)	(1,321)	191	(13)	3	(1,578)	185
Special events fundraising	-	-	398	470	-	-	398	470
Donations	29	13	1,104	1,351	-	-	1,133	1,364
Physician recruitment program	106	79	-	-	-	-	106	79
	91	300	1,322	2,756	-	12	1,413	3,068
<b>EXPENSES</b>								
Accounting, audit and legal	22	21	-	-	-	-	22	21
Fundraising expenses	70	48	27	29	-	-	97	77
Investment management fees	22	15	45	38	-	-	67	53
Office	-	-	-	1	-	-	-	1
Physician recruitment program	129	109	-	-	-	-	129	109
Salaries/benefits/fees	274	253	-	-	-	-	274	253
Contracted services	-	-	26	-	-	-	26	-
Special events fundraising	-	-	83	81	-	-	83	81
	517	446	181	149	-	-	698	595
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES (OR EXPENSES OVER REVENUE) BEFORE GRANTS</b>	<b>(426)</b>	<b>(146)</b>	<b>1,141</b>	<b>2,607</b>	<b>-</b>	<b>12</b>	<b>715</b>	<b>2,473</b>
<b>GRANTS - Note 8</b>								
Quinte Healthcare Corporation	-	-	1,285	2,519	-	-	1,285	2,519
Others	6	5	121	133	1	1	128	139
	6	5	1,406	2,652	1	1	1,413	2,658
<b>EXCESS OF REVENUE OVER EXPENSES &amp; GRANTS FOR THE YEAR (EXCESS OF EXPENSES &amp; GRANTS OVER REVENUE FOR THE YEAR)</b>	<b>(432)</b>	<b>(151)</b>	<b>(265)</b>	<b>(45)</b>	<b>(1)</b>	<b>11</b>	<b>(698)</b>	<b>(185)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>2,819</b>	<b>2,970</b>	<b>8,863</b>	<b>8,908</b>	<b>2,731</b>	<b>2,720</b>	<b>14,413</b>	<b>14,598</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>2,387</b>	<b>2,819</b>	<b>8,598</b>	<b>8,863</b>	<b>2,730</b>	<b>2,731</b>	<b>13,715</b>	<b>14,413</b>

The accompanying notes form an integral part of these financial statements



**TRENTON MEMORIAL HOSPITAL FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2020**

	<u>Community Healthcare Fund</u>		<u>Restricted Funds</u>		<u>Endowment Funds</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>								
Excess of revenue over expenses & grants (excess of expenses & grants over revenue)	(432)	(151)	(265)	(45)	(1)	11	(698)	(185)
Adjustment for:								
Amortization of tangible capital assets	8	8	-	-	-	-	8	8
Increase (decrease) in accounts payable and accrued liabilities	20	(7)	(10)	7	-	-	10	-
Decrease (increase) in accounts receivable	(16)	13	(8)	9	-	-	(24)	22
Increase (decrease) in due to Quinte Healthcare Corporation	5	(1)	(810)	1,802	-	-	(805)	1,801
Increase (decrease) in interfund payables and receivables	10	(25)	3	(10)	(13)	35	-	-
Decrease (increase) in prepaid	12	(8)	2	-	-	-	14	(8)
Decrease (increase) in investments	509	133	1,350	(1,469)	8	(44)	1,867	(1,380)
<b>CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES</b>	<b>116</b>	<b>(38)</b>	<b>262</b>	<b>294</b>	<b>(6)</b>	<b>2</b>	<b>372</b>	<b>258</b>
<b>INVESTMENT AND FINANCING ACTIVITIES</b>								
Purchase of tangible capital assets	(55)	-	-	-	-	-	(55)	-
<b>CASH USED IN INVESTING AND FINANCING ACTIVITIES</b>	<b>(55)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(55)</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>61</b>	<b>(38)</b>	<b>262</b>	<b>294</b>	<b>(6)</b>	<b>2</b>	<b>317</b>	<b>258</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>55</b>	<b>93</b>	<b>474</b>	<b>180</b>	<b>2</b>	<b>-</b>	<b>531</b>	<b>273</b>
<b>CASH - END OF YEAR</b>	<b>116</b>	<b>55</b>	<b>736</b>	<b>474</b>	<b>(4)</b>	<b>2</b>	<b>848</b>	<b>531</b>

The accompanying notes form an integral part of these financial statements





**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**1. PURPOSE OF THE ORGANIZATION**

The Trenton Memorial Hospital Foundation (The "Foundation") is a public Foundation incorporated for the purpose of raising and managing funds that will assist Quinte Healthcare Trenton Memorial (the "Hospital") and its healthcare professionals in providing quality healthcare services to the area communities. In addition, the Foundation raises and manages funds that support a variety of other healthcare services in its catchment area. The Foundation raises these funds through comprehensive fundraising programs and the management of its investment portfolios.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. 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 use 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. Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet these objectives of financial reporting and stewardship over assets, certain inter-fund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These inter-fund transfers are reported on the Statement of Operations and Changes in Fund Balances.

The Foundation follows the restricted fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)**

**(a) Fund Accounting - (Cont'd)**

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

**(i) Community Health Care Fund**

The Community Health Care Fund accounts for the Foundation's general fundraising and granting activities. This fund reports unrestricted resources available for immediate purposes and internally restricted resources available to fund continued operations.

**(ii) Restricted Funds**

The Restricted Funds include those funds where resources are to be used for an identified purpose as specified by the donor, as stipulated by the fundraising appeal, or as determined by the Board.

**(iii) Endowment Funds**

The Endowment Funds consist of externally restricted contributions received by the Foundation where the endowment principal is required to be maintained intact. The investment income generated from the assets held for endowment purposes must be used as directed by the donor.

**(b) Investments**

Investments are measured at fair value which are based on the listed market values. Gains and losses arising from changes in fair value are included in the Statement of Operations and Changes in Fund Balances for the period.

The Foundation's investment policies and decisions are made by an Investment Finance Committee of the Board of Directors (the "Board") with the support of a professional fund manager. In accordance with these policies, investments in shares in publicly traded companies are restricted to well capitalized corporations listed on Global stock exchanges, guaranteed investment certificates and investment grade debt.

**(c) Translation of Foreign Currencies**

The cost of investments, revenues and expenses denominated in foreign currencies are translated into Canadian dollars at the transaction date.

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)**

**(d) Revenue Recognition**

Unrestricted contributions are recognized as revenue in the Community Health Care Fund in the year received. Donor restricted contributions for specific purposes are recognized as revenue in the Restricted Funds unless the principal is to be maintained permanently, in which case the contributions are recognized as revenue in the Endowment Funds.

Investment income (loss) on Endowment Fund resources that must be spent on donor restricted activities is recognized in the Restricted Funds. Investment income (loss) subject to donor restrictions stipulating that it be added to the principal amount of the endowment is recognized in the Endowment Funds. Unrestricted investment income is recognized in the Community Health Care Fund.

**(e) Financial Instruments**

**(i) Measurement of Financial Instruments**

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost except for equities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at fair value include investments.

Financial assets measured at amortized cost include accounts receivable.

There are no financial liabilities measured at fair value.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts due to Quinte Healthcare Corporation.

**(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 recorded in excess of revenue over expenses. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess (deficiency) of revenue over expenses & grants up to the impairment amount previously recognized.

**(f) Grant Recognition**

Grants and commitments are recognized at the date of Board approval.

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)**

**(g) Tangible Capital Assets**

The Foundation's tangible capital assets are carried at cost. Amortization of tangible capital assets, which is based on estimated useful life, is calculated using the rates and bases applied as follows:

Asset	Basis	Rate
Artwork	Not applicable	Nil
Computer equipment	Declining balance	45%
Donor Wall	Straight-line	10 years

**3. CAPITAL REQUIREMENTS**

The Foundation's objectives with respect to capital management are to maintain a minimum capital base that allows the Foundation to continue with and execute its overall purpose as outlined in the fund balances accounting policy in Note 2. The Foundation's Board of Directors perform periodic reviews of the Foundation's capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the Foundation.

**4. TANGIBLE CAPITAL ASSETS**

	2020		2019	
	Cost \$ (000's)	Accumulated amortization \$ (000's)	Cost \$ (000's)	Accumulated amortization \$ (000's)
Donor Wall	68	57	68	50
Artwork & Statue	100	-	48	-
Computer equipment	12	8	9	7
	<b>180</b>	<b>65</b>	<b>125</b>	<b>57</b>
Cost less accumulated amortization	<b>\$ 115</b>		<b>\$ 68</b>	

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**5. COMMITMENTS**

The Board of Directors have committed the Foundation to financing the following programs on behalf of Quinte Healthcare - Trenton Memorial:

	Approved \$	Transfers \$	Balance \$
Priority Medical Equipment - 2018/2019	2,700,000	2,412,500	287,500
Priority Medical Equipment - 2019/2020	1,700,000	96,461	1,603,539

**6. RESTRICTED FUNDS**

The Restricted Funds consist of the following:

	2020 \$ (000's)	2019 \$ (000's)
<b>Donor-Restricted Balances</b>		
Restricted for purchase of priority capital equipment for the Trenton Memorial Hospital	3,519	3,573
Restricted Commitment fund	(3,876)	(2,592)
Restricted for future health care services, programs, and building redevelopment in the Quinte West and Brighton Area specifically	8,955	7,882
	<b>8,598</b>	<b>8,863</b>

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**7. ENDOWMENT FUNDS**

The Endowment Funds consist of externally restricted contributions received by the Foundation where the endowment principal is required to be maintained intact. The Endowment Funds also include internal resources transferred by the Board of Directors (the "Board") to the Endowment Funds, with the intention that the principal be maintained intact, but may be drawn down to fund operating activities and grants as required.

	2020 \$ (000's)	2019 \$ (000's)
<b>SO Graham</b> - The Board has been authorized by the donor to determine where the investment income each year is best utilized	10	10
<b>Joan Wheatly Nursing Education Fund</b> - The Foundation provides the investment income amount based upon the applications received from all qualifying nursing staff	156	157
<b>Pearl and Gordon Woodcox Diabetic Fund</b> - The Foundation provides the investment income amount based upon the applications received from all qualifying staff	103	103
<b>Roli and Audrey Terrill Equipment Fund</b> - The Foundation is responsible for allocating the investment income to annual equipment needs at QHC - Trenton Memorial Hospital	489	489
<b>Doris and Wes Rees Education Fund</b> - Nurses and Physicians submit applications annually to the Foundation for continuing education needs	250	250
<b>George Edward Meyers Trust Fund</b> - The Foundation is responsible for allocating the investment income to annual needs at QHC - Trenton Memorial Hospital	561	561
<b>Kay Stafford Fund</b> - Education of the QHC Trenton Memorial Hospital staff and Trenton Hospital and community programs	1,161	1,161
	<b>2,730</b>	<b>2,731</b>

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**8. RELATED PARTY TRANSACTIONS**

Related parties include the Quinte Healthcare Corporation and other Quinte area healthcare providers.

Transactions with these related parties have been recorded at the exchange amount and include:

- i) During the year, the Foundation transferred \$294,814 to Quinte Healthcare from the Commitment Fund as part of the 2017/2018 fiscal commitments. An adjustment of \$77,803 was made to clear the remaining commitment after all items had been purchased.

During the year, the Foundation transferred \$1,692,697 to Quinte Healthcare from the Commitment Fund as part of the 2018/2019 fiscal commitments. An adjustment of \$348,124 was made reducing the remaining commitment due to purchase deferrals or cancelled purchases and/or price reductions .

During the year, the Foundation committed \$1,700,000 for the purchase of 2019/2020 priority medical and non-medical equipment and transferred \$96,461 from the commitment fund as part of the 2019/2020 fiscal commitments.

- ii) During the year, the Foundation committed \$116,934 for Community Grants from the Kay Stafford Fund, of which \$111,318 was transferred and \$5,616 was adjusted to clear the commitment. In addition to the current year Community commitment, an additional \$9,552 was transferred for staff education.

**9. FINANCIAL INSTRUMENTS**

The fair values of the Foundation's cash, accounts payable and accrued liabilities, accounts receivable and commitments approximate their carrying amounts due to the immediate and short-term nature of these financial instruments. It is not practicable to determine the fair value of the amounts due to related parties due to the non-arm's length nature of the relationship and that there are no repayment terms. The fair value of investments are presented as long-term assets.

The Foundation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. It is management's opinion that the Foundation is not exposed to significant credit risk, liquidity risk or foreign exchange rates risk from these financial instruments.

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**9. FINANCIAL INSTRUMENTS - (Cont'd)**

**Market Risk**

Market risk is the risk that the fair value or future cash flows to a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and price risk. The Foundation is exposed to all three types of market risk on its investment portfolio.

**Price Risk**

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 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 is exposed to price risk through its investment portfolio but has taken steps to mitigate this risk through the adoption of its investment policy as described in Note 2 (b).

**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 on its investment portfolio, however management has mitigated this risk by adopting the investment policy described in Note 2 (b) in these financial statements.

**10. SUBSEQUENT EVENTS**

On May 29, 2020, the Board of Directors approved up to \$714,422 towards 2020/2021 medical equipment commitments.

The coronavirus disease COVID-19 has had considerable impact, both globally and locally, which has the potential to create financial stress on the Foundation. The global investment markets have experienced substantial volatility and downward valuations due to the economic concerns caused by the pandemic, which could significantly impact the Foundations' investment portfolio.

Also, due to the economic uncertainty that currently affects potential donors, the receipt of donations may be reduced.

Measures have been put in place to mitigate the risks however, at the date of this report the financial impact of these risks could not be determined.