

Financial Statements of

**HALDIMAND WAR
MEMORIAL CHARITABLE
CORPORATION**

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Directors of Haldimand War Memorial Charitable Corporation

Opinion

We have audited the financial statements of Haldimand War Memorial Charitable Corporation ("the Entity"), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement cash flows and for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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 Entity in accordance with the applicable independence standards, and we have fulfilled our other ethical responsibilities in accordance with these standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 public sector accounting standards, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity's internal control.



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- 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 Entity'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 Entity public to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 26, 2023

HALDIMAND WAR MEMORIAL CHARITABLE CORPORATION

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 237,566	\$ 239,177
Accounts receivable	6,297	–
HST receivable	5,350	1,460
Investments and marketable securities (note 2)	9,286,219	10,736,706
	<u>9,535,432</u>	<u>10,977,343</u>
Property (note 3)	1,750,907	1,069,406
	<u>\$ 11,286,339</u>	<u>\$ 12,046,749</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 20,857	\$ 8,376
Deferred revenue	12,500	–
Due to Haldimand War Memorial Hospital (note 4)	45,450	45,450
	<u>78,807</u>	<u>53,826</u>
Net assets:		
Invested in property	1,044,393	1,069,406
Unrestricted	8,955,996	8,883,599
	<u>10,000,389</u>	<u>9,953,005</u>
Accumulated remeasurement gains	1,207,143	2,039,918
	<u>11,207,532</u>	<u>11,992,923</u>
	<u>\$ 11,286,339</u>	<u>\$ 12,046,749</u>

See accompanying notes to the financial statements.

On behalf of the Board:

_____ Director

_____ Director

HALDIMAND WAR MEMORIAL CHARITABLE CORPORATION

Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenues:		
Investment income	\$ 304,509	\$ 289,692
Net realized gains on investments	236,126	563,639
Rental income	84,864	131,813
	<u>625,499</u>	<u>985,144</u>
Expenses:		
Investment management fees	61,169	71,056
Rental property expenses	85,464	82,113
Miscellaneous	23,117	9,534
Amortization expense	25,013	25,012
	<u>194,763</u>	<u>187,715</u>
Excess of revenues over expenses before the undernoted	430,736	797,429
Donations to Haldimand War Memorial Hospital (note 4)	383,352	700,000
Excess of revenues over expenses	<u>\$ 47,384</u>	<u>\$ 97,429</u>

See accompanying notes to the financial statements.

HALDIMAND WAR MEMORIAL CHARITABLE CORPORATION

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

March 31, 2023	Invested in property	Unrestricted	Total
Balance, beginning of year	\$ 1,069,406	\$ 8,883,599	\$ 9,953,005
Net change in investment in property (note 3)	–	–	–
(Deficiency) excess of revenues over expenses	(25,013)	72,397	47,384
Balance, end of year	\$ 1,044,393	\$ 8,955,996	\$ 10,000,389

March 31, 2022	Invested in property	Unrestricted	Total
Balance, beginning of year	\$ 1,094,418	\$ 8,761,158	\$ 9,855,576
Net change in investment in property (note 3)	–	–	–
(Deficiency) excess of revenues over expenses	(25,012)	122,441	97,429
Balance, end of year	\$ 1,069,406	\$ 8,883,599	\$ 9,953,005

See accompanying notes to the financial statements.

HALDIMAND WAR MEMORIAL CHARITABLE CORPORATION

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations		
Excess of revenues over expenses	\$ 47,384	\$ 97,429
Items not involving cash:		
Amortization of property	25,013	25,012
Donation of marketable securities	(45,450)	(45,450)
	26,947	76,991
Change in non-cash operating working capital:		
Accounts receivable	(6,297)	4,444
HST receivable	(3,890)	(905)
Accounts payable and accrued liabilities	12,481	4,743
Deferred Revenue	12,500	–
	41,741	8,282
Investing:		
Purchase of investments and marketable securities	(533,028)	(853,331)
Proceeds on disposal of investments	1,196,190	965,060
	663,162	111,729
Capital:		
Purchase of property	(706,514)	–
(Decrease) increase in cash	(1,611)	197,002
Cash, beginning of year	239,177	42,175
Cash, end of year	\$ 237,566	\$ 239,177

See accompanying notes to the financial statements.

HALDIMAND WAR MEMORIAL CHARITABLE CORPORATION

Statement of Remeasurement Gains and Losses

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Accumulated remeasurement gains, beginning of the year	\$ 2,039,918	\$ 1,908,190
Unrealized gain attributable to:		
Investments and marketable securities	(596,649)	695,367
Less: realized gain reclassified to the statement of operations	236,126	563,639
Net remeasurement (loss) gain for the year	(832,775)	131,728
Accumulated remeasurement gains, end of year	\$ 1,207,143	\$ 2,039,918

See accompanying notes to the financial statements.

HALDIMAND WAR MEMORIAL CHARITABLE CORPORATION

Notes to Financial Statements

Year ended March 31, 2023

Nature of operations:

Haldimand War Memorial Charitable Corporation (the "Charity") is incorporated without share capital under the laws of Ontario under the Canada not-for-profit Corporation Act. The Charity receives, accumulates and distributes funds and income for the benefit of the Haldimand War Memorial Hospital (the "Hospital").

1. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations (the "Standards"). The Charity's significant accounting policies are as follows:

(a) Basis of presentation:

These financial statements present only the accounts of the Charity as a separately managed Charity.

(b) Property:

Purchased property is recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When an asset no longer contributes to the Charity's ability to provide services, its carrying amount is written down to its residual value.

Property is amortized on a straight-line basis using the following annual rates:

Asset	Rate
Land improvements	2 to 10%
Buildings	2.5%

HALDIMAND WAR MEMORIAL CHARITABLE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(c) Revenue recognition:

The Charity follows the deferral method of accounting for contributions which includes donations.

Pledges and donations are recorded as revenue when cash is received.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of property are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate of the related property and equipment.

Investment income is recognized as revenue when earned.

(d) Contributed goods and services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty in determining the fair value, contributed goods and services are not recognized in the financial statements.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

HALDIMAND WAR MEMORIAL CHARITABLE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(f) Foreign currency:

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the statement of operations and the unrealized balances are reversed from the statement of measurement gains and losses.

(g) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of property and the valuation of investments. Actual results could differ from those estimates.

HALDIMAND WAR MEMORIAL CHARITABLE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Investments and marketable securities:

	Level	2023	2022
Equities	1	\$ 5,799,383	\$ 7,215,455
Fixed income	2	3,352,791	3,296,925
Cash	1	134,045	224,326
		\$ 9,286,219	\$ 10,736,706

Investments and marketable securities are recorded at market value and have an approximate cost of \$8.0 million (2022 - \$8.7 million). Fixed income investments have interest rates ranging from 1.67% to 4.86% and mature between 2023 and 2035.

There were no transfers between Level 1 and Level 2 for the year ended March 31, 2023.

3. Property:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land – Rental	\$ 1,147,772	\$ –	\$ 1,147,772	\$ 441,258
Buildings – Rental	1,000,499	397,364	603,135	628,148
	\$ 2,148,271	\$ 397,364	\$ 1,750,907	\$ 1,069,406

4. Related party transactions:

During the year, the Charity provided donations to the Hospital. Transactions and balances with the Hospital during the year are as follows:

	2023	2022
Donations to the Hospital for operations	\$ 383,352	\$ 700,000
Due to related parties, non-interest bearing with no specified terms	\$ 45,450	\$ 45,450

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. The amounts due to the Hospital do not bear interest and there are no repayment terms.

HALDIMAND WAR MEMORIAL CHARITABLE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

5. Financial risk:

(i) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in market interest rates.

There have been no significant changes to financial risk from 2022.

(ii) Foreign exchange risk:

The Charity holds investments in U.S. dollars. As at March 31, 2023 the following balances were included in the financial statements:

	USD	CAD equivalent
Short-term cash investments	\$ 59,398	\$ 80,387
Equity investments	1,593,156	2,156,018

(iii) Credit risk:

Credit risk is the risk of financial loss to the Charity if a counterparty to a financial instrument fails to meet its contractual obligations. The Charity is exposed to credit risk with respect to investments.

The Charity assesses, on a continuous basis, investments. The maximum exposure to credit risk of the Charity at March 31, 2023 is the carrying value of these assets.

There have been no significant changes to credit risk from 2022.

(iv) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issue or all other factors affecting all instruments traded in the market. As all of the Charity's financial instruments are carried at market value with market value changes recognized in the statement of remeasurement gains and losses. All changes in market conditions will directly affect the accumulated remeasurement gains on the statement of financial position. Market price risk is managed through a diversified portfolio of instruments.

There have been no significant changes to market price risk from 2022.