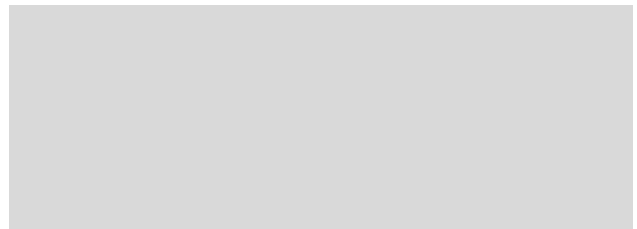




ANNUAL REPORT

WALES HOME FOUNDATION
2022 TO 2023
BRENDALEE PIIRONEN
SECRETARY



In Memory of the late Dr. Nelson Mitchell



Photo taken in 2019: Dr. Nelson Mitchell, Brenda Lee Piironen, Jordan Arshinoff Foss, and Burton McConnell.

THIRTIETH WALES HOME FOUNDATION ANNUAL REPORT

For the April 1st, 2022, to March 31st, 2023, fiscal year

“Giving is not just about making a donation. It is about making a difference.”

— *Kathy Calvin*

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MISSION

The Wales Home Foundation's mission is to generate, receive, and manage funds with a view to long-term profitability; to disburse said funds to the Wales Home upon request, evaluating project benefits to residents and/or employees; and to act in the employees' and residents' best interests constantly to ensure long-term operational sustainability.

WALES HOME FOUNDATION BOARD MEMBERS



James Thompson



Barbara Verhoef



**Brendalee
Piironen**



Shirley Billing



Norman Carson



Marcien Gaudet



Sean McKenna

**The
residents do
not live in
our
workplace;
we work in
their *home*.**

PRESIDENT'S REPORT

As we turn the page on another year, we reflect upon what has been accomplished together, as a community to support the Wales and its mission.

This year was a difficult year for our Foundation as we made the decision to sell shares to reimburse the Foundation's existing loan and provide the Wales Home with financial support for the Ross project as it was overbudget. Despite our challenges we are still inspired by the dedication and perseverance of the Wales employees and volunteers as they go above and beyond to deliver exceptional care and services under challenging circumstances.

Each year our Annual Report provides our donors and stakeholders with a full picture of the Foundation's yearly activities. Since 1991, the Wales Home Foundation has been committed to supporting the Résidence Wales Home's Mission.

Again, this year, in-person fundraising events were cancelled due to the uncertainty of the pandemic, but we are pleased to share that the 2023 golf tournament will resume on August 10th, 2023. In person meetings restarted, and those unable to be present continued to participate virtually. Executive Director, Brendalee Piironen continued to keep us updated on the pandemic's evolution and its effects within the Wales.

As per the Sherbrooke Hospital Endowment Fund regulations, ninety percent of total income from dividends and interest for the fiscal year were transferred from the portfolio to the Wales Home Foundation's operational account. The funds generated amounted to \$20,272.00 and put towards the impressive laundry expansion.

The balance of the estate of Jean Keough was received. As the Foundation had previously promised the funds of the estate to support the 2018-19 CHSLD expansion, the estate balance in the amount of \$44,763.22 was transferred to the Wales Home to help pay the existing loan.

In December, we received an in-kind donation from the Alumnae Association of Sherbrooke Hospital School for Nurses in the amount of \$29,056.47. We thank them for choosing our foundation as their choice of investment.

On March 29th, we were pleased to accept a donation in the amount of \$139,844.83 from the private foundation of both Steve and Bonnie Griffin. The funds were pledged in memory of Bonnie's parents; George and Myra Lovett were former residents of the CHSLD Wales.

We received the third as well as an advance for the fourth installment from the Eric T. Webster Foundation to support the development of the twelve-bed intermediate care unit. This represents the fourth of five annual installments from their Foundation's \$250 000 commitment towards the RI renovation.

We were saddened to learn of the loss of our dear friend, Dr. Nelson Mitchell. Nelson was the Foundation Chairman for 2 years, and he donated funds towards the 4th floor renovations (Mitchell Wing), The Wellness room as well as the spacious solarium adjacent to the main living room in the Wales Home. We thank Nelson and his family for all they have done for the Wales Home and our Foundation.

Since 2002, the Wales Home Foundation's portfolio is as follows:

Information	Amount
Portfolio value as of November 30 th 2022	\$4,684,974
Net portfolio value – Deposits less withdrawals	-\$12,797,679
Total investment return	\$11,019,569
Portfolio value as of March 31 st , 2023	\$2,906,864

Since 2002, the portfolio has earned 8.90 percent annualized. Our investments at RBC Dominion Securities are broken down as follows:

- 98.42 percent shares and stocks
 - Of this 98.42 percent, 14.93 percent are financial shares from Canadian banks
- 1.58 percent bonds and liquidity

Information for the fiscal year starting April 1st, 2022, and ending March 31st, 2023:

Information	Amount
Portfolio value as of April 1 st , 2022	\$8,445,206
Wales Home Foundation withdrawals	-\$4,406,705
Portfolio growth	-\$1,131,637
Portfolio value as of March 31 st , 2023	\$2,906,864
Generated return	-12.11 percent, 20.85 percent the previous year

We are thankful that our Fundraising Coordinator, Courtney Grainger, was well enough to return to work, but due to the excessive workload in the Wales Home, she was unable to write proposals to potential foundations for support. As I write my message, Courtney will soon leave for her maternity leave, we wish her well with her new family. I regret to inform that to date we have been unable to find a replacement.

In closing, I want to thank our board members, donors and stakeholders for your ongoing support and kindness. We continue to be inspired by your loyalty, generosity, and commitment that we receive every day from our donors. The Wales current and future successes are possible thanks to your contributions. We are hopeful and optimistic that next year will be a better year and our economy and portfolio will once again be headed in the right direction.

Respectfully submitted,

James Thompson
President

IN MEMORIAM DONATIONS

The Wales Home Foundation wishes to express its gratitude to those who made donations in memory of the following people this past year:

Alice Johnston	Gilbert Verhoef Sr	Monique Bechard
Alice McGill	Harriette Robinson	Muriel Duffy
Alton & Donald Gifford	Helen Knowles	Myra Lovett & George Lovett
Beatrice Hay	Jessie Lynch	Nyla Smith
Benoit Duquette	Julie fontaine	Patrick Boucher
Brian McCourt	June Kelly	Paul-André Doucette
Eileen Morrill Perkins	Kathleen Ward Hurd Hardin	Robert Gifford
Elaine Chamberlin	La mere de Francine C.-Beaudoin	Ronald Evans
Eleanor McElrea	Lora Martin	Roy Billing
Eleanor McElrea & Muriel Duffy	Lorna Savage & Mary Todd	Suzanne Gelinas
Fran Dewar	Louise Savage	Thelma Picken
Frances May Dewar	Marion Goodfellow MacAllister	Wyatt & Louise Savage
George Horan	Marion Patrick	
George Lawrence	Marjorie Suitor	

ANNUAL REPORT
CORPORATION MEMBERS

A. Jackson Noble
Albert Gillim
Allan Rowell
Andrea Blouin
Andrew Manning
Anita Heroux
Ann Olney Belden
Ann Rothfels
Anne Lightfoot
Anne Loweryson
Arlene Brock
Arnold Bell
Audrey Allan
Audrey Poure
Barbara Bampton
Barbara Drexel
Bernard Hodge
Beverley Findlay
Beverly Hunter
Beverly Taber Smith
Blair Brown
Brendalee Piironen
Brian Robert Sinclair
Brian Husk
Brian Nelson
Bruce Allanson
Carol Lawrence
Carol McArthur
Catherine Manning
Catherine Milne
Cathy Coates-Goodfellow
Cathy Perry
Charles Smith
Charlotte Beattie-Griffith
Clifford Lincoln
Clyne MacDonald
Colleen Chamberlin
Craig Dewar
Daryl Grainger
David and Linda O'Neill
David Drew
David Gillam
David Laberee
David Price
Dawn Mosher
Dean Ross
Denise Lupien
Derrill Henderson

Diane Robinson
Diane Suitor & Dennis
O'Shaughnessey
Donald Lemmen
Donald Nixon
Donna Smith
Dorothy Renwick
Douglas Cassidy
Douglas Perkins
Douglas Scott
Earl Fidler Jr.
Edna Ouellette
Elzada Sangster-Cass
Enid Goodfellow
Eric Molson
Faye Scott
France Duquette
Frances Dewar
Frank Kerridge
Gary Pollock
Gaston Vidal
George Fowlis
George Matheson
Georgia Copland
Gerald Badger
Gerald Duclos
Glenn Brock
Glenn Scott
Gordon Todd
Gregory Sayer
Guylaine Bergeron
Harriet Healy
Harry Brown
Heather Turchyn
Helen D. Nault
Herman Herbers
Hilton Driver
Howard Lucia
Hugh Bieber
Ian Smith
Independant order of Oddfellows of
Inverness
Irene Humphrey
Irene Sturton
Jacques Halle
James Baker
James Johnston
James Thompson

James Trenholme
Jane Bishop
Jean-Philippe Trudel
Jennifer Thompson
Jenny Thibert
Joan Brotzman
Joan Giroux
Joanne Williams
John Allan
John Bennie
John Coles
John Dunn
John Rasmussen
Johnny Vanderwal
Joseph Kelly
Joyce Booth
Joyce Mastine
Karen Baker
Kathleen Bergquist
Keith Baldwin
Kevin Morey
Kevin Shea
Larry Frost
Lena Ross
Lise Beaubien
Lorne Fraser
Louise Baldwin
Louise Penny
Lyle Roarke
Lynda Letourneau
Lynn Grainger
Marilyn Quinn
Marjorie Barlow
Mark Boundy
Martin Taylor
Mary Goodfellow
Mary Grant
Merlin Gunter
Merrick Morrill
Meryle Heatherington
Michael D. Williams
Michael Patrick
Michel Chabot
Monique Tremblay Noel
Nancy Marston
Nancy McDonough
Norma Harrison
Norman Carson

ANNUAL REPORT

Olive Smith
Patricia Gorman
Patricia Lore
Paul Bush
Pauline Johnston
Peter Boersen
Peter Husk
Peter O'Donnell
Ralph Farley
Randy Little
Raymond McConnell
Reta Goodfellow
Richard Goodfellow
Robert Healy
Robert Newnham
Robert Paterson
Robert Richardson
Robert Vezina

Robin Goodfellow
Roderick MacIver
Ronald Destromp
Ronald Fee
Ronald Husk
Rosanne Boisvert
Ruby Robinson
Sandra Lester
Scott Schroeders
Sharon Moore
Sheila Andrews
Shelly Ross
Sherry Huff
Shirley Billing
Shirley Smith
Simon Langeveld
Stephen Hodge
Steven Deserre & Sandra Price

Susan E Richer
Susan Kaye
Susan Lawrence
Susan Webster-Fitzpatrick
The Estate of Jean Mastine Keough
Timothy Belford
Vincent Cuddihy
W. Sydney Butler
Wayne McCartney
Wendall Conner
Wendy Patrick
William Close
William Cloutier
William McElrea
William Stevens
Yves Deschenes & Karen Norman-Deschenes

BUSINESSES AND ORGANIZATIONS

9315-0001 Quebec Inc.
Brecks International
Caisse de Bienfaisance des employés et retraités
du CN
Canada Helps.Org
Chevalier Colomb de Richmond
CIBC
Cleveland Women's Institute
Club Lions Richmond-Melbourne
Communication Nelson Bilodeau C.A.F.I.T. Inc.
Entretien Ménager Steeve Faucher
Eric T. Webster Foundation
Hannan/Armstrong Farm
IOOF Leeds Lodge #54
Julie Boulianne
Kinnear's Mills Women's Institute
Lacasse & Fils
Les Constructions Yves Lessard Inc.
Les Produits Miniers J.H. Seveigny Inc.

Melbourne United Church Cemetary
Municipalité d'Ulverton
Municipalité du Canton de Melbourne
Philip and Judith Webster Family Foundation
Raymond Chabot Grant Thornton
Rotary Club of the Boundary
Sanixel Inc.
Société d'agriculture de comté de Richmond
South Durham United Church Women
St. Andrew's Endowment Fund
St. Francis Valley Plowmen's Association
St. Patrick Society of Richmond
Sylvie Duquette & André Rancourt
Toyota Richmond
Ville de Richmond

The Wales Home Foundation
Financial Statements
March 31, 2023

The Wales Home Foundation
Financial Statements
March 31, 2023

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Independent Auditor's Report

To the Directors of
The Wales Home Foundation

**Raymond Chabot
Grant Thornton LLP**
Suite 350
2207 King Street West
Sherbrooke, Quebec
J1J 2G2

T 819-822-4000
Toll-free: 1-800-567-6958

Qualified opinion

We have audited the financial statements of The Wales Home Foundation (hereafter "the Organization"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies, and the schedule.

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 Organization as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for qualified opinion

In common with many not-for-profit organizations, the Organization derives revenue from contributions to fund-raising campaigns, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these contributions was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to contributions to fund-raising campaigns, excess (deficiency) of revenues over expenses and cash flows from operating activities for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022 and fund balances as at April 1, 2022 and 2021 and March 31, 2023 and 2022. Our opinion on the financial statements for the year ended March 31, 2022 was qualified accordingly because of the possible effects of this limitation in scope.

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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

*Raymond Chabot Grant Thornton LLP*¹

Sherbrooke
August 31, 2023

¹ CPA auditor, public accountancy permit no. A124217

The Wales Home Foundation Operations

Year ended March 31, 2023

	<u>General Fund</u>		<u>Restricted Funds</u>		<u>Endowment Fund</u>		<u>Total</u>	<u>Total</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Contributions								
Campaign (Note 9)	192,381	187,508		251,363			192,381	438,871
Bequests	44,763	60,982					44,763	60,982
Memorial donations	115,992	16,364					115,992	16,364
Net investment income (Schedule)	(763,861)	1,127,312	(160,515)	150,605	(33,344)	245,509	(957,720)	1,523,426
	(410,725)	1,392,166	(160,515)	401,968	(33,344)	245,509	(604,584)	2,039,643
Expenses								
Administration fees on investments	43,621	67,001					43,621	67,001
Rent and management fees - The Wales Home - Foyer Wales	18,540	33,863					18,540	33,863
Professional fees	15,478	16,252					15,478	16,252
Insurance	2,351	1,701					2,351	1,701
Interest on bank loan	104,401	30,658					104,401	30,658
Campaign - Expenses	3,536	5,892					3,536	5,892
Equipment expenses		36						36
	187,927	155,403	-	-	-	-	187,927	155,403
Excess (deficiency) of revenues over expenses before donations	(598,652)	1,236,763	(160,515)	401,968	(33,344)	245,509	(792,511)	1,884,240
Donations to The Wales Home - Foyer Wales for								
Missions	4,860	1,334					4,860	1,334
Property and equipment	4,586,152	262,379					4,586,152	262,379
	4,591,012	263,713	-	-	-	-	4,591,012	263,713
Excess (deficiency) of revenues over expenses	<u>(5,189,664)</u>	<u>973,050</u>	<u>(160,515)</u>	<u>401,968</u>	<u>(33,344)</u>	<u>245,509</u>	<u>(5,383,523)</u>	<u>1,620,527</u>

The accompanying notes and the schedule are an integral part of the financial statements.

The Wales Home Foundation Changes in Fund Balances

Year ended March 31, 2023

	2023					2022
	General Fund	Restricted Fund - David Webster Memorial	Restricted Fund - Prest Floyd	Restricted Fund - Charles & Lena Ross	Endowment Fund - Sherbrooke Hospital Foundation	Total
	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	4,974,594	1,015,821	82,701	742,427	1,730,674	8,546,217
Excess (deficiency) of revenues over expenses	(5,189,664)	(57,031)	(11,763)	(91,721)	(33,344)	(5,383,523)
Fund balances (deficit), end of year	<u>(215,070)</u>	<u>958,790</u>	<u>70,938</u>	<u>650,706</u>	<u>1,697,330</u>	<u>3,162,694</u>

The accompanying notes and the schedule are an integral part of the financial statements.

The Wales Home Foundation

Cash Flows

Year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses of General Fund and Restricted Funds	(5,350,179)	1,375,018
Non-cash items		
Donations in kind		(249,928)
Net change in fair value of investments from General Fund and Restricted Funds	<u>1,045,159</u>	<u>(1,158,128)</u>
	<u>(4,305,020)</u>	<u>(33,038)</u>
Net change in working capital items		
Trade and other receivables	(2,298)	(304)
Trade and other payables	<u>(28,778)</u>	<u>1,498</u>
	<u>(31,076)</u>	<u>1,194</u>
Cash flows from operating activities	<u>(4,336,096)</u>	<u>(31,844)</u>
INVESTING ACTIVITIES		
Investments	(14,000)	(220,223)
Disposal of investments	<u>5,672,291</u>	<u>358,550</u>
Cash flows from investing activities	<u>5,658,291</u>	<u>138,327</u>
FINANCING ACTIVITIES		
Net change in bank loan	(1,162,238)	(101,114)
Interest and dividends from Sherbrooke Hospital Foundation Endowment Fund	<u>2,639</u>	<u>2,253</u>
Cash flows from financing activities	<u>(1,159,599)</u>	<u>(98,861)</u>
Net increase in cash	162,596	7,622
Cash, beginning of year	<u>33,644</u>	<u>26,022</u>
Cash, end of year	<u><u>196,240</u></u>	<u><u>33,644</u></u>

The accompanying notes and the schedule are an integral part of the financial statements.

The Wales Home Foundation

Financial Position

March 31, 2023

	2023						2022
	General Fund	Restricted Fund - David Webster Memorial	Restricted Fund - Prest Floyd	Restricted Fund - Charles & Lena Ross	Endowment Fund - Sherbrooke Hospital Foundation	Interfund balances	Total
	\$	\$	\$	\$	\$	\$	\$
ASSETS							
Investments (Note 3)	124,160	930,096	67,410	179,043	1,559,858		2,860,567
Cash	196,240						196,240
Trade and other receivables (Note 4)	110,958						110,958
Interfund balances		28,694	3,528	471,663	137,472	(641,357)	
	<u>431,358</u>	<u>958,790</u>	<u>70,938</u>	<u>650,706</u>	<u>1,697,330</u>	<u>(641,357)</u>	<u>3,167,765</u>
							9,742,304
LIABILITIES							
Bank loan (Note 5)							1,162,238
Trade and other payables (Note 6)	5,071						5,071
Interfund balances	<u>641,357</u>					(641,357)	
	<u>646,428</u>	-	-	-	-	(641,357)	5,071
							1,196,087
FUND BALANCES (DEFICIT)							
Externally restricted		958,790	70,938	650,706	1,697,330		3,377,764
Unrestricted (deficit)	<u>(215,070)</u>						<u>(215,070)</u>
	<u>(215,070)</u>	<u>958,790</u>	<u>70,938</u>	<u>650,706</u>	<u>1,697,330</u>	-	<u>3,162,694</u>
	<u>431,358</u>	<u>958,790</u>	<u>70,938</u>	<u>650,706</u>	<u>1,697,330</u>	<u>(641,357)</u>	<u>3,167,765</u>
							9,742,304

The accompanying notes and the schedule are an integral part of the financial statements.

On behalf of the Board,

Director

Director

The Wales Home Foundation

Notes to Financial Statements

March 31, 2023

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Organization, incorporated under Part III of the Companies Act (Quebec), provides financial aid to The Wales Home - Foyer Wales and to Centre d'Hébergement et de Soins de Longue Durée Wales Inc. It is a registered charity under the Income Tax Act.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

Assets, liabilities, revenues and expenses relating to administration are reported in the General Fund.

Interest and dividends earned on the David Webster Memorial Fund are reported in the General Fund. Gains or losses on investments remain in the David Webster Memorial Fund. The Wales Home Foundation may, at its discretion as it deems necessary or desirable, encroach on the capital of the fund for the benefit of The Wales Home - Foyer Wales. Such encroachment shall not exceed \$15,000 in any calendar year and no encroachment shall be permitted where it would have the effect of reducing the capital of the fund to an amount less than \$100,000.

Interest and dividends earned on the Charles & Lena Ross Fund are to be recorded in the following manner: 75% in the General Fund to be used for capital projects and 25% in the Charles & Lena Ross Fund to be reinvested with the capital for the time that Mrs. Lena Ross is alive. Upon her death, 90% in the General Fund is to be used for capital projects and 10% in the Charles & Lena Ross Fund is to be reinvested with the capital until March 2024. Following that date, the fund's capital may be used for capital projects. At no time the capital of the fund must go under \$1,500,000. If the fund's capital reaches this limit, the 90%-10% rule will then have to be respected again to recapitalize the fund.

Endowment contributions received are reported in the Endowment Funds. Interest and dividend income earned on Endowment Fund resources, except for the Sherbrooke Hospital Foundation Endowment Fund, is reported in the General Fund. Net changes in fair value of investments remain in the Endowment Funds.

Interest and dividends earned on the Sherbrooke Hospital Foundation Endowment Fund are to be recorded in the following manner: 90% in the General Fund to be used for capital projects and 10% in the Sherbrooke Hospital Foundation Endowment Fund to be reinvested with the capital. If there is no capital project during the year, all the revenue is to be reinvested with the capital. No revenue is to be used for salaries or general administrative expenses.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements, notes to financial statements and the schedule. These estimates are based on management's knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

The Wales Home Foundation

Notes to Financial Statements

March 31, 2023

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities from transactions not concluded with related parties and those from transactions with parties whose sole relationship with the entity is in the capacity of management (and members of the immediate family) are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. The Organization's financial assets and liabilities from related party transactions are measured at cost.

Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value and those relating to financial assets and liabilities from related party transactions are recognized in earnings in the year they are incurred.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities from transactions not concluded with related parties at amortized cost, whereas those from related party transactions are measured using the cost method (including any impairment in the case of financial assets), except for investments in Canadian stocks and foreign stocks which are measured at fair value.

With respect to financial assets measured at amortized cost or using the cost method, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that, during the year, there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost or using the cost method is recognized in operations in the year the reversal occurs.

Revenue recognition

Contributions

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

Contributions restricted for operating expenses are recognized as revenue in the General Fund, using the deferral method in the year during which the related expenses are incurred. Restricted contributions for which the Organization does not have a related restricted fund are recognized in the General Fund using the deferral method. All other restricted contributions are reported as revenue of the appropriate restricted fund.

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

Contributions received as endowments are recognized as revenue of the related Endowment Fund.

Contributions

Moreover, the Organization may recognize contributed supplies and services when the fair value of these contributions can be reasonably estimated and if it would have had to otherwise acquire these supplies and services for its normal operations.

The Wales Home Foundation

Notes to Financial Statements

March 31, 2023

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net investment income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting. Net investment income includes interest and dividend income and changes in fair value. Interest income is recognized on a time apportionment basis whereas dividend income is recognized when it is acquired. Changes in fair value are recognized when they occur.

Foreign currency translation

The Organization uses the temporal method to translate transactions denominated in a foreign currency. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at historical exchange rates, with the exception of those recognized at fair value, which are translated at the exchange rate in effect at the statement of financial position date. Revenue and expenses are translated at the average rate for the period. The related exchange gains and losses are accounted for in the statement of operations for the year. Exchange gains and losses on financial instruments subsequently measured at fair value are included in changes in fair value of investments under Net investment income in the statement of operations.

Related party transactions

Donations to and from The Wales Home - Foyer Wales, an organization exercising control, represent related party transactions. These transactions are measured at the exchange amount.

3 - INVESTMENTS

	<u>2023</u>	<u>2022</u>
	\$	\$
General Fund		
Canadian stocks	46,852	2,304,227
Foreign stocks	<u>77,308</u>	<u>4,349,537</u>
	124,160	6,653,764
David Webster Memorial Fund		
Canadian stocks	658,773	700,939
Foreign stocks	<u>271,323</u>	<u>286,321</u>
	930,096	987,260
Prest Floyd Fund		
Canadian stocks	22,847	24,608
Foreign stocks	<u>44,563</u>	<u>54,605</u>
	67,410	79,213
Charles & Lena Ross Fund		
Canadian stocks	88,721	113,056
Foreign stocks	<u>90,322</u>	<u>157,631</u>
	179,043	270,687

The Wales Home Foundation

Notes to Financial Statements

March 31, 2023

3 - INVESTMENTS (Continued)

	<u>2023</u>	<u>2022</u>
	\$	\$
Sherbrooke Hospital Endowment Fund		
Canadian stocks	575,063	624,920
Foreign stocks	984,795	984,156
	<u>1,559,858</u>	<u>1,609,076</u>
	<u>2,860,567</u>	<u>9,600,000</u>

4 - TRADE AND OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
	\$	\$
General Fund		
Trade accounts receivable	3,904	1,948
Sales taxes receivable	4,850	3,302
The Wales Home - Foyer Wales, an organization exercising control	102,204	103,410
	<u>110,958</u>	<u>108,660</u>

5 - BANK LOAN

The bank loan, for an authorized amount of \$1,300,000, bears interest at prime rate (6.7%; 2.7% as at March 31, 2022) and is subject to renewal annually.

6 - TRADE AND OTHER PAYABLES

	<u>2023</u>	<u>2022</u>
	\$	\$
General Fund		
The Wales Home - Foyer Wales, an organization exercising control	5,071	23,142
Other		10,707
	<u>5,071</u>	<u>33,849</u>

7 - GUARANTEES

The Organization guarantees the loans of The Wales Home - Foyer Wales for maximum authorized amounts of \$4,100,000, \$11,999,998 and \$9,843,997, with balances due of \$4,070,000, \$10,876,976 and \$9,843,997 respectively as at March 31, 2023. The Organization did not require any consideration in exchange for assuming these responsibilities. Under the terms of the agreements, the Organization must be prepared to fulfil the entity's loan repayment obligations if the latter is unable to do so. In the opinion of management, it is unlikely that these guarantees will be exercised and, accordingly, no liability has been recorded in the financial statements in this respect.

The Wales Home Foundation

Notes to Financial Statements

March 31, 2023

8 - FINANCIAL RISKS

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position, other than investments. The Organization has determined that the financial assets with more credit risk exposure are trade and other receivables, with the exception of sales taxes receivable, since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization. The Organization is also exposed to credit risk because it has guaranteed other parties' loans (Note 7).

Market risk

The Organization's financial instruments expose it to market risk, in particular, currency risk and other price risk, resulting from both its investing and financing activities.

Currency risk

The Organization is exposed to currency risk due to cash and investments denominated in U.S. dollars. As at March 31, 2023, cash and investments denominated in U.S. dollars total \$1,483,406 (\$5,842,802 as at March 31, 2022).

Other price risk

The Organization is exposed to other price risk due to investments since changes in market prices could result in changes in the fair value or cash flows of these instruments.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

9 - CAMPAIGN

	<u>2023</u>	<u>2022</u>
	\$	\$
General Fund		
Campaign donations		
Individuals	63,223	80,378
Businesses	21,508	25,130
Other foundations	<u>100,250</u>	<u>82,000</u>
	<u>184,981</u>	<u>187,508</u>
Golf tournament		
Individuals	5,350	
Businesses	<u>2,050</u>	
	<u>7,400</u>	-
Restricted Fund - Charles & Lena Ross		
Campaign donations		
Individuals		251,363
	<u>192,381</u>	<u>438,871</u>

	2023						
	Restricted Funds						
	General Fund	David Webster Memorial	Prest Floyd	Charles & Lena Ross	Total	Endowment Fund - Sherbrooke Hospital Foundation	Total
	\$	\$	\$	\$	\$	\$	\$
Interest and dividends from							
General Fund	71,193						71,193
David Webster Memorial Fund	20,934						20,934
Prest Floyd Fund	1,141						1,141
Charles & Lena Ross Fund	2,825			942	942		3,767
Sherbrooke Hospital Foundation Fund	23,748					2,639	26,387
Net change in fair value of investments	(883,702)	(57,031)	(11,763)	(92,663)	(161,457)	(35,983)	(1,081,142)
	<u>(763,861)</u>	<u>(57,031)</u>	<u>(11,763)</u>	<u>(91,721)</u>	<u>(160,515)</u>	<u>(33,344)</u>	<u>(957,720)</u>
	2022						
	Restricted Funds						
	General Fund	David Webster Memorial	Prest Floyd	Charles & Lena Ross	Total	Endowment Fund - Sherbrooke Hospital Foundation	Total
	\$	\$	\$	\$	\$	\$	\$
Interest and dividends from							
General Fund	77,075						77,075
David Webster Memorial Fund	17,965						17,965
Prest Floyd Fund	903						903
Charles & Lena Ross Fund	2,680			893	893		3,573
Sherbrooke Hospital Foundation Fund	20,273					2,253	22,526
Net change in fair value of investments	1,008,416	122,824	12,600	14,288	149,712	243,256	1,401,384
	<u>1,127,312</u>	<u>122,824</u>	<u>12,600</u>	<u>15,181</u>	<u>150,605</u>	<u>245,509</u>	<u>1,523,426</u>