

**KINGSTON GENERAL HOSPITAL AUXILIARY  
FINANCIAL STATEMENTS  
AS AT MARCH 31, 2021**

DRAFT

**KINGSTON GENERAL HOSPITAL AUXILIARY  
TABLE OF CONTENTS  
AS AT MARCH 31, 2021**

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statements of Revenue and Expenditures and Fund Balances	4 - 11
Statement of Cash Flows	12
Notes to Financial Statements	13-16

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors

### **Qualified Opinion**

We have audited the financial statements of Kingston General Hospital Auxiliary (the Auxiliary), which comprise the statement of financial position as at March 31, 2021 and the statements of revenue and expenditures and 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 Auxiliary as at March 31, 2021, 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 charitable organizations, the Auxiliary 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 Auxiliary and we were not able to determine whether, as at and for the year ended March 31, 2021, 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 Auxiliary 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 Auxiliary'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 Auxiliary, or to cease operations, or has no realistic alternative but to do so.

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

KINGSTON, Canada  
June 6, 2021

Chartered Professional Accountants  
Licensed Public Accountants

**KINGSTON GENERAL HOSPITAL AUXILIARY  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2021**

	2021 \$	2020 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	424,248	323,587
Accounts receivable	4,829	7,456
Due from Canada Revenue Agency - Note 7	30,172	16,252
Inventories	110,546	126,940
Prepaid expenses		3,129
	<b>569,795</b>	<b>477,364</b>
<b>LOANS RECEIVABLE FROM KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3</b>	<b>390,000</b>	<b>465,000</b>
	<b>959,795</b>	<b>942,364</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	109,091	16,374
Government remittances payable	2,517	2,197
	<b>111,608</b>	<b>18,571</b>
<b>FUND BALANCES</b>		
<b>GENERAL FUND</b>	<b>569,188</b>	<b>666,354</b>
<b>CAFÉ</b>	<b>69,557</b>	<b>57,439</b>
<b>GIFT SHOP</b>	<b>143,917</b>	<b>143,960</b>
<b>MEMORIAL FUND</b>	<b>1,495</b>	<b>592</b>
<b>LOTTERY BOOTH</b>	<b>10,917</b>	<b>11,112</b>
<b>HELPP</b>		<b>5,015</b>
<b>TEDDY BEAR FUND</b>	<b>53,113</b>	<b>39,321</b>
	<b>848,187</b>	<b>923,793</b>
<b>APPROVED ON BEHALF OF THE BOARD</b>		
_____ Director		
_____ Director		
	<b>959,795</b>	<b>942,364</b>

The accompanying notes form an integral part of these financial statements

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**KINGSTON GENERAL HOSPITAL AUXILIARY  
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES  
FOR THE YEAR ENDED MARCH 31, 2021**

	2021							2020
	General Fund \$	Café \$	Gift Shop \$	Memorial Fund \$	Lottery Booth \$	HELPP \$	Teddy Bear Fund \$	Total \$
<b>REVENUE</b>	7,794	1,201,562	298,800	903			43,616	1,552,675
<b>COST OF SALES</b>		542,374	148,296					690,670
<b>EXPENDITURES</b>	23,460	287,070	85,547		195	15	3,624	399,911
	23,460	829,444	233,843		195	15	3,624	1,090,581
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR</b>	(15,666)	372,118	64,957	903	(195)	(15)	39,992	462,094
<b>FUND BALANCE - BEGINNING OF YEAR</b>	666,354	57,439	143,960	592	11,112	5,015	39,321	923,793
<b>INTERFUND TRANSFERS</b>	430,000	(360,000)	(65,000)			(5,000)		
<b>DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3</b>	(511,500)						(26,200)	(537,700)
<b>FUND BALANCE - END OF YEAR</b>	569,188	69,557	143,917	1,495	10,917	NIL	53,113	848,187

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**KINGSTON GENERAL HOSPITAL AUXILIARY  
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED MARCH 31, 2021**

	2021 \$	2020 \$
<b>REVENUE</b>		
Fundraising	750	4,710
Hair care salon		10,447
Special projects, net		5,006
Interest on investments	3,868	4,195
Membership fees	355	1,000
Donations - general	2,401	5,232
Donations - Family Services	420	6,145
	<b>7,794</b>	<b>36,735</b>
<b>EXPENDITURES</b>		
Salaries	23,226	43,682
Less government subsidy - Note 7	(17,157)	
Hair care salon	2,478	10,135
Service charges	2,212	2,685
Parking donation	73	2,888
Operating expenses	2,361	3,068
Professional fees	8,046	7,786
Sundry	2,221	4,608
	<b>23,460</b>	<b>74,852</b>
<b>EXCESS OF EXPENDITURES OVER REVENUE FOR YEAR</b>	<b>(15,666)</b>	<b>(38,117)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>666,354</b>	<b>511,971</b>
<b>INTERFUND TRANSFERS</b>	<b>430,000</b>	<b>632,000</b>
<b>DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3</b>	<b>(511,500)</b>	<b>(439,500)</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>569,188</b>	<b>666,354</b>

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**KINGSTON GENERAL HOSPITAL AUXILIARY  
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES  
CAFÉ  
FOR THE YEAR ENDED MARCH 31, 2021**

	2021 \$	2020 \$
<b>REVENUE</b>	<b>1,201,562</b>	<b>1,662,074</b>
<b>COST OF SALES</b>		
Inventory - beginning of year	12,334	11,083
Purchases	540,876	716,755
	<b>553,210</b>	727,838
Inventory - end of year	<b>(10,836)</b>	<b>(12,334)</b>
	<b>542,374</b>	715,504
<b>GROSS MARGIN</b>	<b>659,188</b>	946,570
<b>EXPENDITURES</b>		
Equipment	5,849	12,938
Salaries	500,545	478,815
Less government subsidy - Note 7	<b>(232,572)</b>	<b>(14,923)</b>
Repairs and maintenance	4,876	5,394
Sundry	8,372	5,872
Renovations		29,930
	<b>287,070</b>	518,026
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR</b>	<b>372,118</b>	428,544
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>57,439</b>	53,895
<b>INTERFUND TRANSFERS</b>	<b>(360,000)</b>	<b>(425,000)</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>69,557</b>	57,439

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**KINGSTON GENERAL HOSPITAL AUXILIARY  
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES  
GIFT SHOP  
FOR THE YEAR ENDED MARCH 31, 2021**

	2021 \$	2020 \$
<b>REVENUE</b>	<b>298,800</b>	<b>835,984</b>
<b>COST OF SALES</b>		
Inventory - beginning of year	109,516	111,042
Purchases	133,400	464,137
	<b>242,916</b>	575,179
Inventory - end of year	<b>(94,620)</b>	(109,516)
	<b>148,296</b>	465,663
<b>GROSS MARGIN</b>	<b>150,504</b>	370,321
<b>EXPENDITURES</b>		
Salaries	139,827	135,419
Less government subsidy - Note 7	(68,125)	(3,829)
Parking - volunteer staff	1,909	17,207
Sundry	11,936	29,070
	<b>85,547</b>	177,867
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR</b>	<b>64,957</b>	192,454
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>143,960</b>	141,506
<b>INTERFUND TRANSFERS</b>	<b>(65,000)</b>	(190,000)
<b>FUND BALANCE - END OF YEAR</b>	<b>143,917</b>	143,960

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**KINGSTON GENERAL HOSPITAL AUXILIARY  
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES  
MEMORIAL FUND  
FOR THE YEAR ENDED MARCH 31, 2021**

	2021 \$	2020 \$
<b>REVENUE</b>		
Donations	903	25
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR</b>	903	25
<b>FUND BALANCE - BEGINNING OF YEAR</b>	592	567
<b>FUND BALANCE - END OF YEAR</b>	1,495	592

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**KINGSTON GENERAL HOSPITAL AUXILIARY  
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES  
LOTTERY BOOTH  
FOR THE YEAR ENDED MARCH 31, 2021**

	2021 \$	2020 \$
<b>REVENUE</b>		
Commissions on ticket sales		12,010
Commissions on prizes		3,375
	<b>NIL</b>	<b>15,385</b>
<b>EXPENDITURES</b>		
Bank charges	46	45
OLG charges		265
Parking	149	2,569
	<b>195</b>	<b>2,879</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR</b>	<b>(195)</b>	<b>12,506</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>11,112</b>	<b>15,606</b>
<b>INTERFUND TRANSFERS</b>		<b>(17,000)</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>10,917</b>	<b>11,112</b>

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**KINGSTON GENERAL HOSPITAL AUXILIARY  
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES  
HELPP  
FOR THE YEAR ENDED MARCH 31, 2021**

	2021 \$	2020 \$
<b>REVENUE</b>		
Ticket sales		1,684
Interest		26
	<b>NIL</b>	<b>1,710</b>
<b>EXPENDITURES</b>		
Sundry	<b>15</b>	968
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR</b>	<b>(15)</b>	742
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>5,015</b>	4,273
<b>INTERFUND TRANSFERS</b>	<b>(5,000)</b>	
<b>FUND BALANCE - END OF YEAR</b>	<b>NIL</b>	<b>5,015</b>

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**KINGSTON GENERAL HOSPITAL AUXILIARY  
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES  
TEDDY BEAR FUND  
FOR THE YEAR ENDED MARCH 31, 2021**

	2021 \$	2020 \$
<b>REVENUE</b>		
Fundraising	43,616	37,377
<b>EXPENDITURES</b>		
Purchases	3,624	3,586
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR</b>	<b>39,992</b>	33,791
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>39,321</b>	18,530
<b>DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3</b>	<b>(26,200)</b>	(13,000)
<b>FUND BALANCE - END OF YEAR</b>	<b>53,113</b>	39,321

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**KINGSTON GENERAL HOSPITAL AUXILIARY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2021**

	2021 \$	2020 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures for year	462,094	629,945
Net change in non-cash working capital balances related to operations - Note 5	101,267	(44,385)
	<b>563,361</b>	585,560
Donations to Kingston Health Sciences Centre at KGH	(537,700)	(452,500)
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>	<b>25,661</b>	133,060
<b>INVESTING ACTIVITIES</b>		
Advances from (to) Kingston Health Sciences Centre at KGH	75,000	(200,000)
<b>CASH FLOWS PROVIDED FROM (USED IN) INVESTING ACTIVITIES</b>	<b>75,000</b>	(200,000)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR YEAR</b>	<b>100,661</b>	(66,940)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>323,587</b>	390,527
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>424,248</b>	323,587
<b>REPRESENTED BY:</b>		
Cash	424,248	323,587

The accompanying notes form an integral part of these financial statements

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**KINGSTON GENERAL HOSPITAL AUXILIARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**1. NATURE OF OPERATIONS**

Kingston General Hospital Auxiliary (the "Auxiliary") operates a cafe, gift shop and lottery booth at Kingston Health Sciences Centre at KGH ("Hospital") and undertakes various fundraising activities to assist the Hospital.

**2. ACCOUNTING POLICIES**

Outlined below are those accounting policies adopted by the Auxiliary that are considered to be particularly significant:

**(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 generally accepted accounting principles 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 revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accounts receivable and inventory. Actual results could differ from those estimates.

**(c) Inventories**

Inventories are valued at the lower of cost and replacement cost.

**(d) Revenue Recognition**

Revenue is recognized when services are provided or the goods are sold.

**(e) Financial Instruments**

**(i) Measurement of Financial Instruments**

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Auxiliary has not elected to subsequently carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

**KINGSTON GENERAL HOSPITAL AUXILIARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**2. ACCOUNTING POLICIES (Con't)**

**(ii) Impairment**

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Auxiliary determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Auxiliary expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

**3. RELATED PARTY TRANSACTIONS**

The Auxiliary raises funds for Kingston Health Sciences Centre at KGH to be allocated to special gifts in a manner satisfactory to the administration of Kingston Health Sciences Centre at KGH.

During the year, the Auxiliary donated \$537,700 (2020 - \$452,500) to Kingston Health Sciences Centre at KGH. Of the general fund donations, \$5,000 was made on behalf of the HELPP fund.

The Auxiliary has a loan receivable of \$390,000 (2020 - \$465,000) from Kingston Health Sciences Centre at KGH, which is payable on demand.

**4. COMMITMENT**

The Auxiliary has pledged to donate \$2,500,000 to the Hospital for the phase II development of the Hospital site. This donation will be paid over seven years beginning in 2018. As at March 31, 2021, the remaining commitment is \$1,165,000.



**KINGSTON GENERAL HOSPITAL AUXILIARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**5. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS**

Cash provided from (used in) non-cash working capital is compiled as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>(INCREASE) DECREASE IN CURRENT ASSETS</b>		
Accounts receivable	2,627	(4,104)
Due from Canada Revenue Agency	(13,920)	(16,252)
Inventories	16,394	(1,479)
Prepaid expenses	3,129	3,668
	<b>8,230</b>	<b>(18,167)</b>
<b>INCREASE (DECREASE) IN CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	92,717	(25,128)
Government remittances payable	320	(1,090)
	<b>93,037</b>	<b>(26,218)</b>
<b>NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS</b>	<b>101,267</b>	<b>(44,385)</b>

**6. FINANCIAL INSTRUMENTS**

The Auxiliary has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risk that arise from transacting financial instruments include credit risk.

**(a) Credit Risk**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Auxiliary is exposed to credit risk with respect to accounts receivable and loan receivable from Kingston Health Sciences Centre at KGH. The Auxiliary assesses on a continuous basis the accounts receivable and the loan receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The allowance for doubtful accounts as at March 31, 2021 is \$Nil (2020 - \$Nil).

**KINGSTON GENERAL HOSPITAL AUXILIARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**7. GOVERNMENT ASSISTANCE**

As a result of decreased revenue relating to the COVID-19 outbreak, the Auxiliary was eligible for both the 10% Temporary Wage Subsidy for Employers (TWS) and Canadian Emergency Wage Subsidy (CEWS) during year. The Auxiliary applied for a total of \$317,854, representing both TWS and CEWS subsidies, and this has been reported as a reduction of the wages paid to employees. The amount unpaid at the end of the year was \$30,172.

**8. IMPACT OF COVID-19**

Since the beginning of this fiscal year, the coronavirus disease COVID-19 has had considerable impact, both globally and locally. During the year the Auxiliary has been financially impacted in the following ways:

- Revenues collected from both the café and the gift shop were substantially reduced due to a reduction of visitors allowed in the Hospital, as well as periodic closure of the gift shop. In adherence with public health measures, the hair care salon did not operate at all during the year. Expenses related to cost of sales declined at a similar rate as the revenues.
- As detailed in Note 7, TWS and CEWS subsidies were received during the year which helped offset wages paid to employees.
- Various fundraising events, including the lottery activities, were cancelled due to COVID-19.

At the time that these financial statements were finalized, COVID-19 continues to be of global concern and has the potential to create financial stress on the economy and the Auxiliary. The amount of this financial impact could not be determined.

**9. CAPITAL DISCLOSURE**

The Auxiliary's objectives with respect to capital management are to maintain a minimum capital base that allows the Auxiliary to continue with and execute its overall purpose as disclosed in Note 1, "Nature of Auxiliary." The Auxiliary's Board of Directors performs periodic reviews of the Auxiliary's capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the Auxiliary.