

THE FOUNDATION OF GUELPH GENERAL HOSPITAL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
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YEAR ENDED MARCH 31, 2014

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Chartered Accountants
and Business Advisors

People Count.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of: The Foundation of Guelph General Hospital

We have audited the accompanying financial statements of The Foundation of Guelph General Hospital, which comprise the statement of financial position as at March 31, 2014 and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from the general public in the form of donations, fundraising activities, bequests and other revenues, the completeness of which is not susceptible to 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 any adjustments for unrecorded receipts might be necessary for these types of revenues received during the year.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of The Foundation of Guelph General Hospital as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

RLB LLP

Guelph, Ontario
June 24, 2014

Chartered Accountants
Licensed Public Accountants

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THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

	GENERAL FUND	ENDOWMENT FUND	2014	2013
A S S E T S				
CURRENT				
Cash	\$ 912,681	\$ 0	\$ 912,681	\$ 2,050,121
Investments (note 5)	357,169	6,604,690	6,961,859	5,934,297
Accounts receivable	23,453	0	23,453	36,984
Due from General Fund	0	171,167	171,167	0
Due from Endowment Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,383</u>
	1,293,303	6,775,857	8,069,160	8,051,785
CAPITAL (note 4)	<u>4,106</u>	<u>0</u>	<u>4,106</u>	<u>5,178</u>
	<u>\$ 1,297,409</u>	<u>\$ 6,775,857</u>	<u>\$ 8,073,266</u>	<u>\$ 8,056,963</u>
L I A B I L I T I E S				
CURRENT				
Accounts payable and accrued liabilities	\$ 65,136	\$ 0	\$ 65,136	\$ 39,751
Due to Guelph General Hospital (note 7)	65,026	0	65,026	122,792
Due to Endowment Fund	171,167	0	171,167	0
Due to General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,383</u>
	<u>301,329</u>	<u>0</u>	<u>301,329</u>	<u>192,926</u>
N E T A S S E T S				
FUND BALANCES	<u>996,080</u>	<u>6,775,857</u>	<u>7,771,937</u>	<u>7,864,037</u>
	<u>\$ 1,297,409</u>	<u>\$ 6,775,857</u>	<u>\$ 8,073,266</u>	<u>\$ 8,056,963</u>

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2014

	GENERAL FUND	ENDOWMENT FUND	2014	2013
NET ASSETS , beginning of the year	\$ 2,069,471	\$ 5,794,566	\$ 7,864,037	\$ 8,249,574
EXCESS OF REVENUES OVER EXPENSES	<u>926,888</u>	<u>998,239</u>	<u>1,925,127</u>	<u>1,425,137</u>
NET ASSETS BEFORE TRANSFERS	2,996,359	6,792,805	9,789,164	9,674,711
NET TRANSFERS BETWEEN GENERAL FUND AND ENDOWMENT FUND (note 2 (f))	<u>16,948</u> <u>3,013,307</u>	<u>(16,948)</u> <u>6,775,857</u>	<u>0</u> <u>9,789,164</u>	<u>0</u> <u>9,674,711</u>
TRANSFERS FOR CHARITABLE PURPOSES (note 2 (g))				
Capital equipment for G.G.H.	1,774,355	0	1,774,355	1,567,970
Capital equipment for G.G.H. - Endowment fund transfer	196,049	0	196,049	180,471
Special programs - G.G.H.	46,823	0	46,823	15,089
Special programs - Guelph satellite dialysis centre	<u>0</u>	<u>0</u>	<u>0</u>	<u>47,144</u>
	<u>2,017,227</u>	<u>0</u>	<u>2,017,227</u>	<u>1,810,674</u>
NET ASSETS , end of year	\$ <u>996,080</u>	\$ <u>6,775,857</u>	\$ <u>7,771,937</u>	\$ <u>7,864,037</u>

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2014

	GENERAL FUND	ENDOWMENT FUND	2014	2013
REVENUE				
Bequests	\$ 279,857	\$ 0	\$ 279,857	\$ 318,646
Black Tie Bingo (note 8)	174,457	0	174,457	163,604
Donations	912,434	0	912,434	1,033,472
Net investment income (note 5)	17,651	1,005,911	1,023,562	364,449
Partners For Better Health (note 6)	14,000	0	14,000	4,750
Other income	14,777	0	14,777	4,429
Taste of Guelph	36,350	0	36,350	40,000
	<u>1,449,526</u>	<u>1,005,911</u>	<u>2,455,437</u>	<u>1,929,350</u>
OPERATING EXPENSES				
Amortization	1,072	0	1,072	1,361
Bookkeeping	2,667	2,667	5,334	4,696
Communications	1,726	0	1,726	4,686
Donor recognition	1,896	0	1,896	2,301
Technology	7,841	0	7,841	4,917
Fees, dues and memberships	1,703	0	1,703	1,756
Professional fees	2,806	2,806	5,612	5,404
Major and planned giving	5,172	2,199	7,371	4,861
Meetings	1,325	0	1,325	1,113
Miscellaneous	7,561	0	7,561	7,663
Office supplies and materials	3,925	0	3,925	3,999
Postage and printing	93,970	0	93,970	81,996
25th anniversary	0	0	0	13,177
Professional development	13,112	0	13,112	6,470
Salaries (note 7)	377,862	0	377,862	359,813
	<u>522,638</u>	<u>7,672</u>	<u>530,310</u>	<u>504,213</u>
EXCESS OF REVENUE OVER EXPENSES for the year	\$ <u>926,888</u>	\$ <u>998,239</u>	\$ <u>1,925,127</u>	\$ <u>1,425,137</u>

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 1,925,127	\$ 1,425,137
Items not requiring an outlay of cash		
Amortization	1,072	1,361
Unrealized gain on investments	<u>(461,624)</u>	<u>(312,015)</u>
	1,464,575	1,114,483
Changes in non-cash working capital		
Accounts receivable	13,531	45,316
Investments	(565,938)	(70,355)
Accounts payable and accrued liabilities	25,385	15,188
Due to Guelph General Hospital	<u>(57,766)</u>	<u>(917,548)</u>
	<u>879,787</u>	<u>187,084</u>
CASH USED IN FINANCING ACTIVITIES		
Transfer to G.G.H. for capital equipment	(1,970,404)	(1,748,441)
Transfer to G.G.H. for Special Programs	(46,823)	(15,089)
Transfer to Grand River Hospital for Guelph satellite dialysis centre	<u>0</u>	<u>(47,144)</u>
	<u>(2,017,227)</u>	<u>(1,810,674)</u>
NET DECREASE IN CASH	(1,137,440)	(1,623,590)
CASH, beginning of year	<u>2,050,121</u>	<u>3,673,711</u>
CASH, end of year	<u>\$ 912,681</u>	<u>\$ 2,050,121</u>

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

1. NATURE OF BUSINESS

The Foundation of the Guelph General Hospital is a registered charitable foundation whose mission is to raise and steward funds to support Guelph General Hospital's delivery of quality, patient centred health care. The Foundation is exempt from income tax under section 149(1)(f) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) **FUND ACCOUNTING**

Revenues and expenses related to program delivery and administrative activities are reported under the General Fund.

The Endowment Fund is a restricted fund for which the Foundation retains the capital in perpetuity and uses the investment income for either restricted or general purposes.

Balances due between the General Fund and the Endowment Fund are interest-free and have no fixed terms of repayment.

(b) **CAPITAL ASSETS**

Capital assets are recorded at cost and amortized on the basis of their estimated useful life. Amortization is calculated at one-half of the normal rate in the year of acquisition. Amortization is provided for at the following methods and rates:

Furniture and equipment	- 20% declining balance basis
Computer hardware	- 30% declining balance basis

Capital assets are subject to an assessment for impairment. An impairment loss is recognized when the carrying amount of property and equipment is not recoverable and exceeds its fair value. Management does not feel that there has been an impairment to the carrying amount of the capital assets.

(c) **REVENUE RECOGNITION**

The Foundation follows the deferral method of accounting for contributions. Donations are recognized as revenue of the General Fund in the year received. Pledges are not recognized as revenue until cash is received. Revenues from events are reported net of expenses.

Donated materials and services received are not recorded in the financial statements.

Investment income is recognized as revenue when earned. The fair value adjustments of net income are recorded at year end.

Other revenues are recognized either when received or collection is reasonably assured.

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) **FINANCIAL INSTRUMENTS**

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments which are measured at fair value. Changes in fair value are recognized in net surplus.

Financial assets measured at amortized cost include cash, accounts receivable, due from Endowment Fund and due from General Fund.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to Guelph General Hospital, due to General Fund and due to Endowment Fund.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net surplus.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(e) **USE OF ESTIMATES**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations requires management to make estimates and assumptions that affect the the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from these estimates. There are no items material to the financial statements that require the use of estimates.

(f) **NET TRANSFERS BETWEEN FUNDS**

Transfers between the General Fund and the Endowment Fund are shown on a net basis. Transfers to the Endowment Fund are based on a percentage of the budgeted surplus for the Foundation for the year. Transfers from the Endowment Fund are based on a percentage of the Endowment Fund's assets over the previous twelve fiscal quarters.

(g) **TRANSFERS FOR CHARITABLE PURPOSES**

At the discretion of the Board of Directors, funds are donated to the Guelph General Hospital to assist with the cost of acquiring equipment and other capital assets. In the prior year, there was a transfer to Grand River Hospital for a Guelph satellite dialysis centre.

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

3. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, investments, accounts receivable, due from Endowment Fund, due from General Fund, accounts payable and accrued liabilities, due to Guelph General Hospital, due to General Fund and due to Endowment Fund. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity or other price risks arising from these financial instruments.

The extent of the organization's exposure to these risks did not change in 2014 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2014	Net 2013
Furniture and equipment	\$ 22,946	\$ 19,096	\$ 3,850	\$ 4,813
Computer hardware	<u>5,329</u>	<u>5,073</u>	<u>256</u>	<u>365</u>
	<u>\$ 28,275</u>	<u>\$ 24,169</u>	<u>\$ 4,106</u>	<u>\$ 5,178</u>

5. INVESTMENTS

	2014	2013
General Fund		
Fixed income	\$ 249,604	\$ 109,348
Mutual funds	<u>107,565</u>	<u>0</u>
	<u>\$ 357,169</u>	<u>\$ 109,348</u>
Endowment Fund		
Fixed income investments	3,119,696	2,554,523
Canadian, United States and International equity	<u>3,484,994</u>	<u>3,270,426</u>
	<u>6,604,690</u>	<u>5,824,949</u>
Total Investments	<u>\$ 6,961,859</u>	<u>\$ 5,934,297</u>

In order to record the above investments at fair market value at year end, a write-up of \$461,624 (2013 - a write-up of \$312,015) was recorded in income in the statement of operations.

6. PARTNERS FOR BETTER HEALTH

Partners for Better Health was an \$11 million joint capital campaign to benefit Guelph General Hospital and St. Joseph's Health Centre, Guelph through their respective Foundations. Contributions were received from the community via the Health for Guelph Foundation, and disbursed to the health care foundations. The fundraising campaign was completed in February 2002 with over \$12.5 million raised and the last pledges have now been collected.

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

7. GUELPH GENERAL HOSPITAL

The Hospital is a Canadian public hospital and an independent corporation which has its own Board of Directors. The Foundation is responsible for all fundraising activities carried out on behalf of the Hospital.

The Foundation reimburses the Hospital for various costs associated with services or expenses the Hospital provides or pays on the Foundation's behalf. The Foundation reimbursed the Hospital \$377,862 (2013 - \$359,813) for Foundation staff salaries paid through the Hospital's payroll system.

8. FUNDRAISING EVENTS

Black Tie Bingo fundraising proceeds are shown net of expenses on the income statement. All other events are organized by third parties where the foundation receives the net proceeds from the organizer and does not incur any costs directly. The expenses relating to Black Tie Bingo were \$63,542.