

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
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YEAR ENDED MARCH 31, 2017

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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, 2017 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 not for profit organizations, the foundation derives some of its revenues from donations and fundraising events, 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 organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures and cash flows from operations for the years ended March 31, 2017 and 2016, current assets as at March 31, 2017 and 2016, and net assets as at March 31 and March 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

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, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Handwritten signature in black ink, appearing to read "RLB LLP".

Guelph, Ontario
June 27, 2017

Chartered Professional Accountants
Licensed Public Accountants

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
 STATEMENT OF FINANCIAL POSITION
 AS AT MARCH 31, 2017

| | GENERAL FUND | ENDOWMENT FUND | 2017 | 2016 |
|--|---------------------|---------------------|---------------------|---------------------|
| ASSETS | | | | |
| CURRENT | | | | |
| Cash | \$ 2,387,397 | \$ 0 | \$ 2,387,397 | \$ 1,645,762 |
| Investments (note 5) | 367,500 | 7,783,172 | 8,150,672 | 7,489,691 |
| Accounts receivable | 62,479 | 0 | 62,479 | 41,868 |
| Due from General Fund | 0 | 256,284 | 256,284 | 173,797 |
| Prepaid expenses | <u>1,071</u> | <u>0</u> | <u>1,071</u> | <u>1,000</u> |
| | 2,818,447 | 8,039,456 | 10,857,903 | 9,352,118 |
| CAPITAL ASSETS (note 4) | <u>4,877</u> | <u>0</u> | <u>4,877</u> | <u>2,589</u> |
| | <u>\$ 2,823,324</u> | <u>\$ 8,039,456</u> | <u>\$10,862,780</u> | <u>\$ 9,354,707</u> |
| LIABILITIES | | | | |
| CURRENT | | | | |
| Accounts payable and accrued liabilities | \$ 56,975 | \$ 0 | \$ 56,975 | \$ 63,943 |
| Due to Guelph General Hospital (note 6) | 87,123 | 0 | 87,123 | 40,635 |
| Due to Endowment Fund | <u>256,284</u> | <u>0</u> | <u>256,284</u> | <u>173,797</u> |
| | <u>400,382</u> | <u>0</u> | <u>400,382</u> | <u>278,375</u> |
| NET ASSETS | | | | |
| FUND BALANCES | <u>2,422,942</u> | <u>8,039,456</u> | <u>10,462,398</u> | <u>9,076,332</u> |
| | <u>\$ 2,823,324</u> | <u>\$ 8,039,456</u> | <u>\$10,862,780</u> | <u>\$ 9,354,707</u> |

**THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2017**

| | GENERAL FUND | ENDOWMENT FUND | 2017 | 2016 |
|---|-------------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| NET ASSETS , beginning of the year | \$ 1,777,606 | \$ 7,298,726 | \$ 9,076,332 | \$ 8,755,360 |
| EXCESS OF REVENUES OVER EXPENSES | <u>2,698,125</u> | <u>725,125</u> | <u>3,423,250</u> | <u>2,455,980</u> |
| NET ASSETS BEFORE TRANSFERS | 4,475,731 | 8,023,851 | 12,499,582 | 11,211,340 |
| NET TRANSFERS BETWEEN GENERAL FUND AND ENDOWMENT FUND (note 2 (f)) | <u>(15,605)</u> <u>4,460,126</u> | <u>15,605</u> <u>8,039,456</u> | <u>0</u> <u>12,499,582</u> | <u>0</u> <u>11,211,340</u> |
| TRANSFERS FOR CHARITABLE PURPOSES (note 2 (g)) | | | | |
| Capital equipment for G.G.H. | 1,772,189 | 0 | 1,772,189 | 1,888,687 |
| Capital equipment for G.G.H. - Endowment fund transfer | 251,094 | 0 | 251,094 | 234,509 |
| Special programs - G.G.H. | <u>13,901</u> | <u>0</u> | <u>13,901</u> | <u>11,812</u> |
| | <u>2,037,184</u> | <u>0</u> | <u>2,037,184</u> | <u>2,135,008</u> |
| NET ASSETS , end of year | <u>\$ 2,422,942</u> | <u>\$ 8,039,456</u> | <u>\$10,462,398</u> | <u>\$ 9,076,332</u> |

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2017

| | GENERAL FUND | ENDOWMENT FUND | 2017 | 2016 |
|--|-------------------------|---------------------------|---------------------|---------------------|
| REVENUE | | | | |
| Bequests | \$ 1,585,741 | \$ 0 | \$ 1,585,741 | \$ 1,268,552 |
| Donations | 1,470,216 | 0 | 1,470,216 | 1,371,455 |
| Net investment income (note 5) | 12,569 | 731,884 | 744,453 | 78,211 |
| Black Tie Bingo (note 7) | 262,746 | 0 | 262,746 | 243,056 |
| Tour du Guelph | 53,250 | 0 | 53,250 | 28,729 |
| Other activities (note 7) | 44,279 | 0 | 44,279 | 41,045 |
| Fore Our Hospital golf tournament (note 7) | 29,645 | 0 | 29,645 | 32,690 |
| | <u>3,458,446</u> | <u>731,884</u> | <u>4,190,330</u> | <u>3,063,738</u> |
| OPERATING EXPENSES | | | | |
| Salaries (note 6) | 525,181 | 0 | 525,181 | 440,785 |
| Campaign consulting | 82,228 | 0 | 82,228 | 0 |
| Fundraising mailings | 72,827 | 0 | 72,827 | 98,637 |
| Communications | 26,392 | 0 | 26,392 | 14,806 |
| Technology | 15,874 | 0 | 15,874 | 6,240 |
| Professional development | 7,869 | 0 | 7,869 | 10,111 |
| Bank charges | 6,616 | 0 | 6,616 | 6,256 |
| Professional fees | 3,118 | 3,118 | 6,236 | 6,028 |
| Major and planned giving | 5,267 | 675 | 5,942 | 8,476 |
| Bookkeeping | 2,966 | 2,966 | 5,932 | 5,542 |
| Office supplies and materials | 4,091 | 0 | 4,091 | 3,198 |
| Fees, dues and memberships | 2,804 | 0 | 2,804 | 2,940 |
| Donor recognition | 2,319 | 0 | 2,319 | 2,055 |
| Meetings | 1,924 | 0 | 1,924 | 2,014 |
| Amortization | 845 | 0 | 845 | 670 |
| | <u>760,321</u> | <u>6,759</u> | <u>767,080</u> | <u>607,758</u> |
| EXCESS OF REVENUES OVER EXPENSES for the year | <u>\$ 2,698,125</u> | <u>\$ 725,125</u> | <u>\$ 3,423,250</u> | <u>\$ 2,455,980</u> |

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

| | 2017 | 2016 |
|--|---------------------|---------------------|
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 3,423,250 | \$ 2,455,980 |
| Transfer to G.G.H. for capital equipment | (2,023,283) | (2,123,196) |
| Transfer to G.G.H. for special programs | (13,901) | (11,812) |
| Items not requiring an outlay of cash | | |
| Amortization | 845 | 670 |
| Unrealized (gain) loss on investments | <u>(258,929)</u> | <u>279,415</u> |
| | 1,127,982 | 601,057 |
| Changes in non-cash working capital | | |
| Accounts receivable | (20,611) | 16,218 |
| Prepaid expenses | (71) | 15,178 |
| Accounts payable and accrued liabilities | (6,968) | 20,703 |
| Due to Guelph General Hospital | <u>46,488</u> | <u>6,929</u> |
| | <u>1,146,820</u> | <u>660,085</u> |
| CASH USED IN INVESTING ACTIVITIES | | |
| Additions to capital assets | (3,133) | 0 |
| Increase in investments | <u>(402,052)</u> | <u>(453,180)</u> |
| | <u>(405,185)</u> | <u>(453,180)</u> |
| NET INCREASE IN CASH | 741,635 | 206,905 |
| CASH, beginning of year | <u>1,645,762</u> | <u>1,438,857</u> |
| CASH, end of year | <u>\$ 2,387,397</u> | <u>\$ 1,645,762</u> |

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

1. NATURE OF ORGANIZATION

The Foundation of Guelph General Hospital is a registered charitable foundation whose purpose is "saving lives and improving health, together with our community". 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 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 restricted fund 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, 2017

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 and due from General Fund.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to Guelph General Hospital 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 and are included within the transfers to the hospital each year.

(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.

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2017

3. FINANCIAL INSTRUMENTS

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 their financial instruments.

The extent of the organization's exposure to these risks did not change in 2017 compared to the previous period.

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

Transacting in financial instruments exposes the organization to certain financial risks and uncertainties. These risks include:

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk on portfolio investments, which include investments in shares and bonds, and manages this risk through diversification of its portfolio.

4. CAPITAL ASSETS

| | Cost | Accumulated Amortization | Net 2017 | Net 2016 |
|-------------------------|------------------|-----------------------------|-----------------|-----------------|
| Furniture and equipment | \$ 26,079 | \$ 21,290 | \$ 4,789 | \$ 2,464 |
| Computer hardware | <u>5,329</u> | <u>5,241</u> | <u>88</u> | <u>125</u> |
| | <u>\$ 31,408</u> | <u>\$ 26,531</u> | <u>\$ 4,877</u> | <u>\$ 2,589</u> |

5. INVESTMENTS

| | 2017 | 2016 |
|--|---------------------|---------------------|
| General Fund | | |
| Fixed income investments | \$ 256,793 | \$ 254,882 |
| Mutual funds | <u>110,707</u> | <u>109,880</u> |
| | <u>367,500</u> | <u>364,762</u> |
| Endowment Fund | | |
| Fixed income investments | 3,637,745 | 3,282,494 |
| Canadian, United States and International equity | <u>4,145,427</u> | <u>3,842,435</u> |
| | <u>7,783,172</u> | <u>7,124,929</u> |
| Total Investments | <u>\$ 8,150,672</u> | <u>\$ 7,489,691</u> |

In order to record the above investments at fair market value at year end, a write-up of \$258,929 (2016 - a write-down of \$279,415) was recorded in income in the statement of operations.

**THE FOUNDATION OF GUELPH GENERAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

6. 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 \$525,181 (2016 - \$440,785) for Foundation staff salaries paid through the Hospital's payroll system. The balance due to Guelph General Hospital is a reimbursement of these expenses and is non-interest bearing and due on demand.

7. FUNDRAISING EVENTS

The Black Tie Bingo, Pay Day Payout and Fore Our Hospital golf tournament fundraising proceeds are shown net of expenses on the statement of operations. 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 \$57,778 (2016 - \$79,742), relating to Pay Day Payout were \$28,900 (2016 - \$28,235) and relating to Fore Our Hospital were \$16,583 (2016 - \$20,646).