

THE FOUNDATION OF GUELPH GENERAL HOSPITAL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
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YEAR ENDED MARCH 31, 2018

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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, 2018 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, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at March 31 and April 1 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2017 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, 2018 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.

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

Guelph, Ontario
June 26, 2018

Chartered Professional Accountants
Licensed Public Accountants

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

	GENERAL FUND	ENDOWMENT FUND	2018	2017
ASSETS				
CURRENT				
Cash	\$ 1,142,107	\$ 15,605	\$ 1,157,712	\$ 2,387,397
Investments (note 5)	1,887,070	7,749,738	9,636,808	8,150,672
Accounts receivable	49,992	0	49,992	62,479
Due from General Fund	0	0	0	256,284
Due from Endowment Fund	16,686	0	16,686	0
Prepaid expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,071</u>
	3,095,855	7,765,343	10,861,198	10,857,903
CAPITAL ASSETS (note 4)	<u>3,893</u>	<u>0</u>	<u>3,893</u>	<u>4,877</u>
	<u>\$ 3,099,748</u>	<u>\$ 7,765,343</u>	<u>\$10,865,091</u>	<u>\$10,862,780</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 12,329	\$ 0	\$ 12,329	\$ 56,975
Due to Guelph General Hospital (note 6)	56,812	0	56,812	87,123
Due to Endowment Fund	0	0	0	256,284
Due to General Fund	<u>0</u>	<u>16,686</u>	<u>16,686</u>	<u>0</u>
	<u>69,141</u>	<u>16,686</u>	<u>85,827</u>	<u>400,382</u>
NET ASSETS				
FUND BALANCES	<u>3,030,607</u>	<u>7,748,657</u>	<u>10,779,264</u>	<u>10,462,398</u>
	<u>\$ 3,099,748</u>	<u>\$ 7,765,343</u>	<u>\$10,865,091</u>	<u>\$10,862,780</u>

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2018

	GENERAL FUND	ENDOWMENT FUND	2018	2017
NET ASSETS , beginning of the year	\$ 2,422,942	\$ 8,039,456	\$10,462,398	\$ 9,076,332
EXCESS OF REVENUES OVER EXPENSES	<u>2,032,534</u>	<u>(25,524)</u>	<u>2,007,010</u>	<u>3,423,250</u>
NET ASSETS BEFORE TRANSFERS	4,455,476	8,013,932	12,469,408	12,499,582
NET TRANSFERS BETWEEN GENERAL FUND AND ENDOWMENT FUND (note 2 (f))	<u>265,275</u> <u>4,720,751</u>	<u>(265,275)</u> <u>7,748,657</u>	<u>0</u> <u>12,469,408</u>	<u>0</u> <u>12,499,582</u>
TRANSFERS FOR CHARITABLE PURPOSES (note 2 (g))				
Capital equipment for G.G.H.	1,409,065	0	1,409,065	1,772,189
Capital equipment for G.G.H. - Endowment fund transfer	265,275	0	265,275	251,094
Special programs - G.G.H.	<u>15,804</u>	<u>0</u>	<u>15,804</u>	<u>13,901</u>
	<u>1,690,144</u>	<u>0</u>	<u>1,690,144</u>	<u>2,037,184</u>
NET ASSETS , end of year	<u>\$ 3,030,607</u>	<u>\$ 7,748,657</u>	<u>\$10,779,264</u>	<u>\$10,462,398</u>

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2018

	GENERAL FUND	ENDOWMENT FUND	2018	2017
REVENUE				
Donations	\$ 1,832,452	\$ 0	\$ 1,832,452	\$ 1,470,216
Bequests	574,823	0	574,823	1,585,741
Black Tie Bingo (note 7)	278,888	0	278,888	262,746
Tour du Guelph	67,500	0	67,500	53,250
Other activities (note 7)	44,454	0	44,454	44,279
Fore Our Hospital golf tournament (note 7)	18,917	0	18,917	29,645
Net investment income (note 5)	33,805	(17,721)	16,084	744,453
	<u>2,850,839</u>	<u>(17,721)</u>	<u>2,833,118</u>	<u>4,190,330</u>
OPERATING EXPENSES				
Salaries (note 6)	602,804	0	602,804	525,181
Fundraising mailings	87,264	0	87,264	72,827
Campaign consulting	39,666	0	39,666	82,228
Communications	23,261	0	23,261	26,392
Technology	14,003	0	14,003	15,874
Bank charges	11,353	0	11,353	6,616
Donor recognition	9,548	0	9,548	2,319
Professional development	7,574	0	7,574	7,869
Major and planned giving	5,426	1,506	6,932	5,942
Professional fees	3,222	3,222	6,444	6,236
Bookkeeping	3,075	3,075	6,150	5,932
Office supplies and materials	5,937	0	5,937	4,091
Fees, dues and memberships	3,216	0	3,216	2,804
Amortization	984	0	984	845
Meetings	972	0	972	1,924
	<u>818,305</u>	<u>7,803</u>	<u>826,108</u>	<u>767,080</u>
EXCESS OF REVENUES OVER EXPENSES for the year	<u>\$ 2,032,534</u>	<u>\$ (25,524)</u>	<u>\$ 2,007,010</u>	<u>\$ 3,423,250</u>

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 2,007,010	\$ 3,423,250
Transfer to G.G.H. for capital equipment	(1,674,340)	(2,023,283)
Transfer to G.G.H. for special programs	(15,804)	(13,901)
Items not requiring an outlay of cash		
Amortization	984	845
Unrealized (gain) loss on investments	<u>399,024</u>	<u>(258,929)</u>
	716,874	1,127,982
Changes in non-cash working capital		
Accounts receivable	12,487	(20,611)
Prepaid expenses	1,071	(71)
Accounts payable and accrued liabilities	(44,646)	(6,968)
Due to Guelph General Hospital	<u>(30,311)</u>	<u>46,488</u>
	<u>655,475</u>	<u>1,146,820</u>
CASH USED IN INVESTING ACTIVITIES		
Additions to capital assets	0	(3,133)
Increase in investments	<u>(1,885,160)</u>	<u>(402,052)</u>
	<u>(1,885,160)</u>	<u>(405,185)</u>
NET (DECREASE) INCREASE IN CASH	(1,229,685)	741,635
CASH, beginning of year	<u>2,387,397</u>	<u>1,645,762</u>
CASH, end of year	<u>\$ 1,157,712</u>	<u>\$ 2,387,397</u>

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

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, 2018

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 and accounts receivable.

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

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 reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. 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, 2018

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 2018 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 2018	Net 2017
Furniture and equipment	\$ 26,079	\$ 22,248	\$ 3,831	\$ 4,789
Computer hardware	<u>5,329</u>	<u>5,267</u>	<u>62</u>	<u>88</u>
	<u>\$ 31,408</u>	<u>\$ 27,515</u>	<u>\$ 3,893</u>	<u>\$ 4,877</u>

5. INVESTMENTS

	2018	2017
General Fund		
Fixed income investments	\$ 1,775,297	\$ 256,793
Mutual funds	<u>111,773</u>	<u>110,707</u>
	<u>1,887,070</u>	<u>367,500</u>
Endowment Fund		
Fixed income investments	3,493,021	3,637,745
Canadian, United States and International equity	<u>4,256,717</u>	<u>4,145,427</u>
	<u>7,749,738</u>	<u>7,783,172</u>
Total Investments	<u>\$ 9,636,808</u>	<u>\$ 8,150,672</u>

In order to record the above investments at fair market value at year end, a write-down of \$399,024 (2017 - a write-up of \$258,929) 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, 2018**

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 \$602,804 (2017 - \$525,181) 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 \$84,126 (2017 - \$57,778), relating to Pay Day Payout were \$26,935 (2017 - \$28,900) and relating to Fore Our Hospital were \$14,454 (2017 - \$16,583).