

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
INDEX TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Changes in Net Assets	6
Statement of Operations	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 12

INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

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, 2019 and the statements of operations, changes in net assets, 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 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, 2019 and its results of 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 foundation derives some of the revenues from donations and fundraising activities, 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 might be necessary to revenues, excess of revenues over expenditures and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified 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 Foundation of Guelph General Hospital 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 audit 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 foundation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so.

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at RLB LLP's website at: www.rlb.ca/additional-auditor-responsibilities. This description forms part of our auditor's report.

Handwritten signature of RLB LLP in black ink.

Guelph, Ontario
June 25, 2019

Chartered Professional Accountants
Licensed Public Accountants

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	GENERAL FUND	ENDOWMENT FUND	2019	2018
ASSETS				
CURRENT				
Cash	\$ 1,490,643	\$ 348,343	\$ 1,838,986	\$ 1,157,712
Investments (note 5)	1,928,477	8,177,687	10,106,164	9,636,808
Accounts receivable	44,818	0	44,818	49,992
Due from Endowment Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,686</u>
	3,463,938	8,526,030	11,989,968	10,861,198
CAPITAL ASSETS (note 4)	<u>3,108</u>	<u>0</u>	<u>3,108</u>	<u>3,893</u>
	<u>\$ 3,467,046</u>	<u>\$ 8,526,030</u>	<u>\$11,993,076</u>	<u>\$10,865,091</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 43,443	\$ 0	\$ 43,443	\$ 12,329
Due to Guelph General Hospital (note 6)	59,507	0	59,507	56,812
Due to General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,686</u>
	<u>102,950</u>	<u>0</u>	<u>102,950</u>	<u>85,827</u>
NET ASSETS				
FUND BALANCES	<u>3,364,096</u>	<u>8,526,030</u>	<u>11,890,126</u>	<u>10,779,264</u>
	<u>\$ 3,467,046</u>	<u>\$ 8,526,030</u>	<u>\$11,993,076</u>	<u>\$10,865,091</u>

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2019

	GENERAL FUND	ENDOWMENT FUND	2019	2018
NET ASSETS , beginning of the year	\$ 3,030,607	\$ 7,748,657	\$10,779,264	\$10,462,398
EXCESS OF REVENUES OVER EXPENSES	<u>3,413,890</u>	<u>429,030</u>	<u>3,842,920</u>	<u>2,007,010</u>
NET ASSETS BEFORE TRANSFERS	6,444,497	8,177,687	14,622,184	12,469,408
NET TRANSFERS BETWEEN GENERAL FUND AND ENDOWMENT FUND (note 2 (f))	<u>(348,343)</u>	<u>348,343</u>	<u>0</u>	<u>0</u>
	<u>6,096,154</u>	<u>8,526,030</u>	<u>14,622,184</u>	<u>12,469,408</u>
TRANSFERS FOR CHARITABLE PURPOSES (note 2 (g))				
Capital equipment for G.G.H.	2,652,341	0	2,652,341	1,409,065
Capital equipment for G.G.H. - Endowment fund transfer	0	0	0	265,275
Special programs - G.G.H.	<u>79,717</u>	<u>0</u>	<u>79,717</u>	<u>15,804</u>
	<u>2,732,058</u>	<u>0</u>	<u>2,732,058</u>	<u>1,690,144</u>
NET ASSETS , end of year	<u>\$ 3,364,096</u>	<u>\$ 8,526,030</u>	<u>\$11,890,126</u>	<u>\$10,779,264</u>

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2019

	GENERAL FUND	ENDOWMENT FUND	2019	2018
REVENUE				
Donations	\$ 3,342,225	\$ 0	\$ 3,342,225	\$ 1,832,452
Bequests	562,141	0	562,141	574,823
Net investment income (note 5)	60,195	429,030	489,225	16,084
Black Tie Bingo (note 7)	267,043	0	267,043	278,888
Tour du Guelph	72,000	0	72,000	67,500
Other activities (note 7)	<u>61,263</u>	<u>0</u>	<u>61,263</u>	<u>63,371</u>
	<u>4,364,867</u>	<u>429,030</u>	<u>4,793,897</u>	<u>2,833,118</u>
OPERATING EXPENSES				
Salaries (note 6)	666,547	0	666,547	602,804
Fundraising mailings	78,372	0	78,372	80,947
Campaign consulting	69,504	0	69,504	39,666
Communications	29,345	0	29,345	23,261
Bank charges	28,379	0	28,379	11,353
Technology	25,725	0	25,725	14,003
Major and planned giving	12,511	0	12,511	6,932
Office supplies and materials	8,861	0	8,861	12,254
Professional fees	7,232	0	7,232	6,444
Bookkeeping	6,425	0	6,425	6,150
Professional development	5,153	0	5,153	7,574
Donor recognition	5,105	0	5,105	9,548
Fees, dues and memberships	3,717	0	3,717	3,216
Meetings	3,316	0	3,316	972
Amortization	<u>785</u>	<u>0</u>	<u>785</u>	<u>984</u>
	<u>950,977</u>	<u>0</u>	<u>950,977</u>	<u>826,108</u>
EXCESS OF REVENUES OVER EXPENSES for the year	<u>\$ 3,413,890</u>	<u>\$ 429,030</u>	<u>\$ 3,842,920</u>	<u>\$ 2,007,010</u>

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 3,842,920	\$ 2,007,010
Transfer to G.G.H. for capital equipment	(2,652,341)	(1,674,340)
Transfer to G.G.H. for special programs	(79,717)	(15,804)
Items not requiring an outlay of cash		
Amortization	785	984
Unrealized loss on investments	(452,670)	399,024
	<u>658,977</u>	<u>716,874</u>
Changes in non-cash working capital		
Accounts receivable	5,174	12,487
Prepaid expenses	0	1,071
Accounts payable and accrued liabilities	31,114	(44,646)
Due to Guelph General Hospital	2,695	(30,311)
	<u>697,960</u>	<u>655,475</u>
CASH USED IN INVESTING ACTIVITIES		
Increase in investments	<u>(16,686)</u>	<u>(1,885,160)</u>
NET INCREASE (DECREASE) IN CASH	681,274	(1,229,685)
CASH, beginning of year	<u>1,157,712</u>	<u>2,387,397</u>
CASH, end of year	<u>\$ 1,838,986</u>	<u>\$ 1,157,712</u>

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

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 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, 2019

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.

Financial instruments recorded at fair market value include investments.

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.

(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, 2019

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 its financial instruments.

The extent of the organization's exposure to these risks did not change in 2019 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 2019	Net 2018
Furniture and equipment	\$ 26,079	\$ 23,014	\$ 3,065	\$ 3,831
Computer hardware	<u>5,329</u>	<u>5,286</u>	<u>43</u>	<u>62</u>
	<u>\$ 31,408</u>	<u>\$ 28,300</u>	<u>\$ 3,108</u>	<u>\$ 3,893</u>

5. INVESTMENTS

	2019	2018
General Fund		
Fixed income investments	\$ 1,815,295	\$ 1,775,297
Mutual funds	<u>113,182</u>	<u>111,773</u>
	<u>1,928,477</u>	<u>1,887,070</u>
Endowment Fund		
Fixed income investments	3,806,076	3,493,021
Canadian, United States and International equity	<u>4,371,611</u>	<u>4,256,717</u>
	<u>8,177,687</u>	<u>7,749,738</u>
Total Investments	<u>\$ 10,106,164</u>	<u>\$ 9,636,808</u>

In order to record the above investments at fair market value at year end, a write-up of \$452,670 (2018 - write-down of \$399,024) 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, 2019

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 \$666,547 (2018 - \$602,804) 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 \$97,474 (2018 - \$84,126) and relating to other activities were \$52,156 (2018 - \$41,389).