

**THE FOUNDATION OF GUELPH GENERAL HOSPITAL**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

**THE FOUNDATION OF GUELPH GENERAL HOSPITAL**  
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**YEAR ENDED MARCH 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2020 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, 2020 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 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, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 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](http://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 22, 2020

Chartered Professional Accountants  
Licensed Public Accountants

**THE FOUNDATION OF GUELPH GENERAL HOSPITAL**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2020**

	<b>GENERAL FUND</b>	<b>ENDOWMENT FUND</b>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 2,392,129	\$ 416,802	\$ 2,808,931	\$ 1,838,986
Investments (note 5)	1,975,063	8,605,736	10,580,799	10,106,164
Accounts receivable	74,096	0	74,096	44,818
Due from Endowment Fund	<u>20,338</u>	<u>0</u>	<u>20,338</u>	<u>0</u>
	4,461,626	9,022,538	13,484,164	11,989,968
<b>CAPITAL ASSETS</b> (note 4)	<u>4,765</u>	<u>0</u>	<u>4,765</u>	<u>3,108</u>
	<u>\$ 4,466,391</u>	<u>\$ 9,022,538</u>	<u>\$13,488,929</u>	<u>\$11,993,076</u>
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities	\$ 20,652	\$ 0	\$ 20,652	\$ 43,443
Due to Guelph General Hospital (note 6)	113,162	0	113,162	59,507
Due to General Fund	<u>0</u>	<u>20,338</u>	<u>20,338</u>	<u>0</u>
	<u>133,814</u>	<u>20,338</u>	<u>154,152</u>	<u>102,950</u>
<b>NET ASSETS</b>				
<b>FUND BALANCES</b>	<u>4,332,577</u>	<u>9,002,200</u>	<u>13,334,777</u>	<u>11,890,126</u>
	<u>\$ 4,466,391</u>	<u>\$ 9,022,538</u>	<u>\$13,488,929</u>	<u>\$11,993,076</u>

**THE FOUNDATION OF GUELPH GENERAL HOSPITAL**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

	<b>GENERAL FUND</b>	<b>ENDOWMENT FUND</b>	<b>2020</b>	<b>2019</b>
<b>NET ASSETS</b> , beginning of the year	\$ 3,364,096	\$ 8,526,030	\$11,890,126	\$10,779,264
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>3,675,918</u>	<u>63,910</u>	<u>3,739,828</u>	<u>3,842,920</u>
<b>NET ASSETS BEFORE TRANSFERS</b>	7,040,014	8,589,940	15,629,954	14,622,184
<b>NET TRANSFERS BETWEEN GENERAL FUND AND ENDOWMENT FUND</b> (note 2 (f))	<u>(412,260)</u>	<u>412,260</u>	<u>0</u>	<u>0</u>
	<u>6,627,754</u>	<u>9,002,200</u>	<u>15,629,954</u>	<u>14,622,184</u>
<b>TRANSFERS FOR CHARITABLE PURPOSES</b> (note 2 (g))				
Capital equipment for G.G.H.	2,278,767	0	2,278,767	2,652,341
Special programs - G.G.H.	<u>16,410</u>	<u>0</u>	<u>16,410</u>	<u>79,717</u>
	<u>2,295,177</u>	<u>0</u>	<u>2,295,177</u>	<u>2,732,058</u>
<b>NET ASSETS</b> , end of year	\$ <u>4,332,577</u>	\$ <u>9,002,200</u>	\$ <u>13,334,777</u>	\$ <u>11,890,126</u>

**THE FOUNDATION OF GUELPH GENERAL HOSPITAL**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

	<b>GENERAL FUND</b>	<b>ENDOWMENT FUND</b>	<b>2020</b>	<b>2019</b>
<b>REVENUE</b>				
Donations	\$ 3,300,086	\$ 504,600	\$ 3,804,686	\$ 3,342,225
Bequests	810,928	0	810,928	562,141
Black Tie Bingo (note 7)	298,786	0	298,786	267,043
Tour du Guelph	90,000	0	90,000	72,000
Other activities (note 7)	39,620	0	39,620	61,263
Net investment income (note 5)	<u>77,985</u>	<u>(420,352)</u>	<u>(342,367)</u>	<u>489,225</u>
	<u>4,617,405</u>	<u>84,248</u>	<u>4,701,653</u>	<u>4,793,897</u>
<b>OPERATING EXPENSES</b>				
Salaries (note 6)	645,325	0	645,325	666,547
Campaign	91,903	0	91,903	69,504
Fundraising mailings	57,379	0	57,379	78,372
Bank charges	34,827	0	34,827	28,379
Professional fees	13,212	20,338	33,550	7,232
Communications	24,723	0	24,723	29,345
Major and planned giving	22,896	0	22,896	12,511
Technology	22,701	0	22,701	25,725
Professional development	8,328	0	8,328	5,153
Bookkeeping	6,331	0	6,331	6,425
Office supplies and materials	5,279	0	5,279	8,861
Donor recognition	3,527	0	3,527	5,105
Meetings	2,676	0	2,676	3,316
Fees, dues and memberships	1,500	0	1,500	3,717
Amortization	<u>880</u>	<u>0</u>	<u>880</u>	<u>785</u>
	<u>941,487</u>	<u>20,338</u>	<u>961,825</u>	<u>950,977</u>
<b>EXCESS OF REVENUES OVER EXPENSES for the year</b>	<u>\$ 3,675,918</u>	<u>\$ 63,910</u>	<u>\$ 3,739,828</u>	<u>\$ 3,842,920</u>

**THE FOUNDATION OF GUELPH GENERAL HOSPITAL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 3,739,828	\$ 3,842,920
Transfer to G.G.H. for capital equipment	(2,278,767)	(2,652,341)
Transfer to G.G.H. for special programs	(16,410)	(79,717)
Items not requiring an outlay of cash		
Amortization	880	785
Unrealized loss (gain) on investments	<u>822,445</u>	<u>(452,670)</u>
	2,267,976	658,977
Changes in non-cash working capital		
Accounts receivable	(29,278)	5,174
Accounts payable and accrued liabilities	(22,791)	31,114
Due to Guelph General Hospital	<u>53,655</u>	<u>2,695</u>
	<u>2,269,562</u>	<u>697,960</u>
<b>CASH USED IN INVESTING ACTIVITIES</b>		
Additions to capital assets	(2,537)	0
Increase in investments	<u>(1,297,080)</u>	<u>(16,686)</u>
	<u>(1,299,617)</u>	<u>(16,686)</u>
<b>NET INCREASE IN CASH</b>	969,945	681,274
<b>CASH, beginning of year</b>	<u>1,838,986</u>	<u>1,157,712</u>
<b>CASH, end of year</b>	<u>\$ 2,808,931</u>	<u>\$ 1,838,986</u>



**THE FOUNDATION OF GUELPH GENERAL HOSPITAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

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**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, 2020**

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**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.

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.

(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, 2020**

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**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 2020 compared to the previous period except as described in note 8.

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 mutual funds, and manages this risk through diversification of its portfolio.

**4. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net 2020</b>	<b>Net 2019</b>
Furniture and equipment	\$ 28,616	\$ 23,881	\$ 4,735	\$ 3,065
Computer hardware	<u>5,329</u>	<u>5,299</u>	<u>30</u>	<u>43</u>
	<u>\$ 33,945</u>	<u>\$ 29,180</u>	<u>\$ 4,765</u>	<u>\$ 3,108</u>

**5. INVESTMENTS**

	<b>2020</b>	<b>2019</b>
<b>General Fund</b>		
Fixed income investments	\$ 1,860,057	\$ 1,815,295
Mutual funds	<u>115,006</u>	<u>113,182</u>
	<u>1,975,063</u>	<u>1,928,477</u>
<b>Endowment Fund</b>		
Mutual funds	8,605,736	0
Fixed income investments	0	3,806,076
Canadian, United States and International equity	<u>0</u>	<u>4,371,611</u>
	<u>8,605,736</u>	<u>8,177,687</u>
<b>Total Investments</b>	<u>\$ 10,580,799</u>	<u>\$ 10,106,164</u>

In order to record the above investments at fair market value at year end, a write-down of \$822,445 (2019 - write-up of \$452,670) 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, 2020**

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**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 \$645,325 (2019 - \$666,547) 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 and other activities revenues 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 \$108,235 (2019 - \$97,474) and relating to other activities were \$27,750 (2019 - \$52,156).

**8. MATERIAL UNCERTAINTY DUE TO NOVEL CORONAVIRUS (COVID-19)**

Near the end of the fiscal year and continuing subsequent to year end, the impact of the Novel Coronavirus (COVID-19) in Canada and on the global economy increased significantly. This global pandemic has disrupted economic activities. The organization has had to rethink its fundraising strategies in the short-term and although the disruption from the virus is expected to be temporary, the duration of the impact on fundraising cannot reasonably be estimated at this time. Further, the timing and amounts realized on the organization's assets, and in particular its investment portfolio, may be impacted by the evolving circumstances of the virus.