

ST. THOMAS ELGIN GENERAL HOSPITAL FOUNDATION

Financial Statements

March 31, 2016

ST. THOMAS ELGIN GENERAL HOSPITAL FOUNDATION

Financial Statements

For The Year Ended March 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Members of **St. Thomas Elgin General Hospital Foundation**:

We have audited the accompanying financial statements of **St. Thomas Elgin General Hospital Foundation**, which comprise the statement of financial position as at March 31, 2016, and the statements of fund operations and changes in net assets, 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.

Auditors' 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 whether the financial statements are free of 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 organization derives revenue from donations, the completeness of which is not susceptible of 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 contributions, excess of revenues over expenses, current assets and net assets.

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 statement of financial position of **St. Thomas Elgin General Hospital Foundation** as at March 31, 2016, and the statements of fund operations and changes in net assets, and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

St. Thomas, Ontario

May 27, 2016


Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

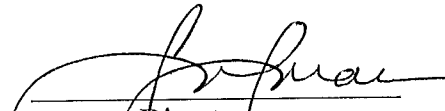
ST. THOMAS ELGIN GENERAL HOSPITAL FOUNDATION
Statement of Financial Position
As at March 31, 2016

	<u>ASSETS</u>		
		2016	2015
		<u>\$</u>	<u>\$</u>
ASSETS			
Cash		580,825	1,218,200
Investments (Note 4)		7,031,711	4,862,120
Planned gifts (Note 5)		48,813	52,224
Government remittances receivable		<u>5,531</u>	<u>3,293</u>
TOTAL ASSETS		<u><u>7,666,880</u></u>	<u><u>6,135,837</u></u>
 <u>LIABILITIES AND NET ASSETS</u>			
LIABILITIES			
Due to St. Thomas-Elgin General Hospital (Note 7)		131,627	42,590
Accrued liabilities		<u>51,321</u>	<u>29,346</u>
		<u>182,948</u>	<u>71,936</u>
NET ASSETS			
Unrestricted net assets		997,802	369,272
Restricted net assets		447,839	482,778
Endowment net assets		274,350	269,422
Capital net assets		<u>5,763,941</u>	<u>4,942,429</u>
		<u>7,483,932</u>	<u>6,063,901</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>7,666,880</u></u>	<u><u>6,135,837</u></u>

On behalf of the Board:



 Director



 Director

ST. THOMAS ELGIN GENERAL HOSPITAL FOUNDATION
Statement of Fund Operations and Changes in Net Assets
For The Year Ended March 31, 2016

	Unrestricted Fund \$	Restricted Fund \$	Endowment Fund \$	Capital Fund \$	2016 Total Funds \$	2015 Total Funds \$
REVENUES						
Donations received	1,591,178	175,865	478	2,152,135	3,919,656	3,209,977
Investment Income	<u>22,976</u>	<u>7,276</u>	<u>4,450</u>	<u>70,987</u>	<u>105,689</u>	<u>71,304</u>
	<u>1,614,154</u>	<u>183,141</u>	<u>4,928</u>	<u>2,223,122</u>	<u>4,025,345</u>	<u>3,281,281</u>
EXPENDITURES						
Salaries and benefits	311,607	-	-	41,847	353,454	300,139
Administration	113,639	-	-	12,914	126,553	86,000
Training and development	19,932	-	-	911	20,843	11,654
Community and donor relations	34,142	-	-	26,962	61,104	69,166
Planned giving	26,202	-	-	-	26,202	5,969
Fundraising	<u>76,403</u>	<u>-</u>	<u>-</u>	<u>18,411</u>	<u>94,814</u>	<u>30,645</u>
	<u>581,925</u>	<u>-</u>	<u>-</u>	<u>101,045</u>	<u>682,970</u>	<u>503,573</u>
EXCESS OF REVENUES OVER EXPENDITURE	1,032,229	183,141	4,928	2,122,077	3,342,375	2,777,708
NET ASSETS, BEGINNING OF YEAR	369,272	482,778	269,422	4,942,429	6,063,901	4,010,251
Distributions to the St. Thomas Elgin General Hospital (Note 8)	<u>(403,692)</u>	<u>(218,080)</u>	<u>-</u>	<u>(1,300,565)</u>	<u>(1,922,344)</u>	<u>(724,058)</u>
NET ASSETS, END OF YEAR	<u>997,802</u>	<u>447,839</u>	<u>274,350</u>	<u>5,763,941</u>	<u>7,483,932</u>	<u>6,063,901</u>

See accompanying notes to the financial statements.

ST. THOMAS ELGIN GENERAL HOSPITAL FOUNDATION
Statement of Cash Flows
For The Year Ended March 31, 2016

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures	<u>3,342,375</u>	<u>2,777,708</u>
Changes in non-cash working capital:		
Planned gifts	3,411	7,898
Interfund	-	3,667
Government remittances receivable	(2,238)	-
Due to The St. Thomas Elgin General Hospital	89,037	(16,233)
Accrued liabilities	<u>21,975</u>	<u>1,780</u>
	<u>3,454,560</u>	<u>1,096,121</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of investments	<u>(2,169,591)</u>	<u>(1,678,699)</u>
DISTRIBUTIONS TO THE ST. THOMAS ELGIN GENERAL HOSPITAL (NOTE 8)	<u>(1,922,344)</u>	<u>(724,058)</u>
NET (DECREASE) INCREASE IN CASH	(637,376)	372,063
CASH, BEGINNING OF YEAR	<u>1,218,200</u>	<u>846,137</u>
CASH, END OF YEAR	<u>580,824</u>	<u>1,218,200</u>

ST. THOMAS ELGIN GENERAL HOSPITAL FOUNDATION

Notes to the Financial Statements For The Year Ended March 31, 2016

NATURE OF ORGANIZATION

The St. Thomas Elgin General Hospital Foundation (Foundation) was incorporated under the Corporations Act (Ontario) without share capital on March 13, 1985. The purpose of the Foundation is to establish and maintain a fund or funds and to apply from time to time all or part thereof and the income therefrom for the purposes of The St. Thomas Elgin General Hospital. The Foundation qualifies for income tax-exempt status as a registered charity under the Canadian Income Tax Act.

1. ECONOMIC INTEREST

The St. Thomas Elgin General Hospital has an economic interest in the Foundation in that the purpose of the Foundation is to establish a fund for the purpose of the Hospital, and to assist the Hospital to acquire new equipment, upgrade its physical facilities and support educational programs.

The functions of the Foundation are to inform the Foundation's donors and general community about the hospital's capital project needs, conduct fund-raising programs, recognize donors and ensure proper management and allocation of donated funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Use of Estimates

The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

Fund Accounting

The accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The organization uses the following fund groups:

- (i) The Unrestricted Fund accounts for the receipt and expenditure of donations or bequests that are not specifically designated to a program or project.
- (ii) The Restricted Fund accounts for the receipt and expenditure of donations or bequests that have been restricted by the donor.

ST. THOMAS ELGIN GENERAL HOSPITAL FOUNDATION

Notes to the Financial Statements For The Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (continued)

- (iii) The Endowment Fund accounts for the receipt of donations or bequests that have been endowed by the donor or internally endowed by the Board of Directors.
- (iv) The Capital Fund accounts for the receipt and expenditure of donations or bequests that have been restricted to the capital fundraising campaign.

Revenue Recognition

The organization follows the restricted fund method of accounting for contributions. Donations made specifically to offset future operating expenses are deferred and recognized as revenue as the expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Specifically, the organization recognizes revenue from donations when they are received, and interest revenue from investments when accrued.

Planned gifts

Planned gifts consist of a Life Insurance Policy, an Annuity and a Charitable Remainder Trust (CRT).

When the Foundation is named owner and beneficiary of a donated life insurance policy, the Foundation records the cash surrender value. Annual premiums paid by the donor are recorded as revenue and also increase the asset value.

An Annuity is a contract arranged by a donor with the financial corporation. The financial corporation then makes fixed dollar payments to the charitable organization for the term of the contract. The financial corporation guarantees both the earnings and the principle. The value of all future payments are recorded as a receivable.

A CRT is an arrangement whereby a donor places a principal sum of money into an irrevocable trust and income from the CRT is paid to the donor by the trust company. The principal is vested with the Foundation fully and unconditionally and upon the donor's death, the Foundation will receive the principal proceed. The present value of the principal sum of the CRT is recorded as an asset and revenue. During the lifetime of the donor, the change in value of the CRT is recorded as an increase to the asset and as revenue.

Gifts in kind

The value of gifts in kind are recorded at fair market value when they are received.

ST. THOMAS ELGIN GENERAL HOSPITAL FOUNDATION

Notes to the Financial Statements For The Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The organization recognizes its transaction costs in net income in the period incurred.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include term planned gifts.

Financial liabilities measured at amortized cost include due to St. Thomas Elgin General Hospital and accrued liabilities.

Financial assets measured at fair value include cash, and short-term investments as they are quoted in an active market.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. 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 income.

3. DONATION PLEDGES

As at March 31, 2016, an amount of \$6,418,027 (2015 - \$6,392,676) has been pledged as future donations to the Foundation. These pledges will be recorded as donation revenue as they are received. The donors have pledged to pay these amounts over several years, as follows:

	\$
2017	1,242,069
2018	1,416,930
2019	1,073,088
2020	897,221
2021 and beyond	1,788,719

ST. THOMAS ELGIN GENERAL HOSPITAL FOUNDATION

Notes to the Financial Statements For The Year Ended March 31, 2016

4. INVESTMENTS

Investments consist of cash in high-interest savings accounts, as well as \$6,568,275 in guaranteed investment certificates maturing between May 23, 2017 and January 2, 2018, with interest rates between 1.75% and 2%.

5. PLANNED GIFTS

	2016				2015
	Unrestricted	Restricted	Endowment	Total	Total
Charitable Remainder Trust	-	-	25,000	25,000	24,522
Life Insurance Policy	23,813	-	-	23,813	22,623
Annuity	-	-	-	-	5,079
	<u>23,813</u>	<u>-</u>	<u>25,000</u>	<u>48,813</u>	<u>52,224</u>

6. INTERFUND RECEIVABLE/PAYABLE

	2016				2015
	Unrestricted	Restricted	Capital	Total	Total
Interfund receivable	-	76,935	1,269,437	1,346,372	-
Interfund payable	(1,346,372)	-	-	(1,346,372)	-
	<u>(1,346,372)</u>	<u>76,935</u>	<u>1,269,437</u>	<u>-</u>	<u>-</u>

7. DUE TO THE ST. THOMAS ELGIN GENERAL HOSPITAL

The amount owing to the St. Thomas Elgin General Hospital at year end consists of the following:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	42,590	58,823
Unrestricted fund expenses	610,500	933,754
Capital fund expenses	82,035	87,331
Restricted fund distributions to St. Thomas Elgin General Hospital	231,782	198,888
Funds transferred to St. Thomas Elgin General Hospital	<u>(835,280)</u>	<u>(1,236,206)</u>
	<u>131,627</u>	<u>42,590</u>

ST. THOMAS ELGIN GENERAL HOSPITAL FOUNDATION

Notes to the Financial Statements For The Year Ended March 31, 2016

8. DISTRIBUTIONS TO THE ST. THOMAS ELGIN GENERAL HOSPITAL

	2016				2015
	Unrestricted	Restricted	Capital	Total	Total
Gifts in Kind	11,865	-	565	12,430	11,270
Patient and Family Resource Centre	17,755	-	-	17,755	-
Restricted equipment purchases	-	198,159	-	198,159	198,888
Local Share- South Parking lot	-	-	1,300,000	1,300,000	-
Special Care Nursery	250,000	-	-	250,000	-
Medical Summer Students	12,000	-	-	12,000	6,000
LED screens	-	-	-	-	7,900
Mammography machine	112,079	19,921	-	132,000	500,000
	403,699	218,080	1,300,565	1,922,344	724,058

9. FINANCIAL INSTRUMENTS

Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments.

The organization is not subject to any financial institution's covenants.

10. COMPARATIVE FIGURES

Certain comparative figures presented in the financial statements have been reclassified to conform to the presentation adopted in the current year.

