

**Georgian Bay General
Hospital Foundation**
Financial Statements
For the year ended March 31, 2018

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Independent Auditor's Report

To the Board of Directors and Members of Georgian Bay General Hospital Foundation

We have audited the accompanying financial statements of the Georgian Bay General Hospital Foundation, which comprise the statement of financial position as at March 31, 2018, and the statement of operations and changes in fund balances and statement of 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 generally accepted 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 charitable organizations, the Georgian Bay General Hospital Foundation derives revenue from donations, 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. We were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenses, assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Georgian Bay General Hospital Foundation as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards for not-for-profit organizations.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 22, 2018

Georgian Bay General Hospital Foundation

Statement of Financial Position

March 31	2018	2017
Assets		
Cash (Note 3)	\$ 486,902	\$ 1,178,198
Prepaid Expenses	6,246	708
Accounts Receivable	16,680	14,157
Investments (Note 4)	2,440,946	2,262,711
	\$ 2,950,774	\$ 3,455,774
Liabilities and Fund Balances		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 3,213	\$ 3,214
Deferred Revenue	28,000	
Payable to Georgian Bay General Hospital (Note 6)	933,627	919,348
	964,840	922,562
Fund Balances:		
General Fund	(795,713)	(436,878)
Externally Restricted Specified Fund	924,577	733,476
Endowment Fund	295,169	295,169
Internally Restricted Fund	20,000	25,000
Externally Restricted Specified Capital Fund	1,541,901	1,916,445
	1,985,934	2,533,212
	\$ 2,950,774	\$ 3,455,774

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Georgian Bay General Hospital Foundation
Statement of Operations and Changes in Fund Balances

For the year ended March 31	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	General Fund	Externally Restricted Specified Fund	Endowment Fund	Internally Restricted Fund	Externally Restricted Specified Capital Fund	Total						
Revenue												
Donations	\$ 297,516	\$ 593,963	\$ 558,122	\$ 8,998	\$ -	\$ 500	\$ -	\$ -	\$ 294,418	\$ 472,373	\$ 1,150,056	\$ 1,075,834
Fundraising	110,994	260,553	26,485	3,054	-	-	-	-	252,061	245,199	389,540	508,806
Investment Income	6,685	19,786	690	2,826	-	-	-	-	8,337	33,921	15,712	56,533
	<u>415,195</u>	<u>874,302</u>	<u>585,297</u>	<u>14,878</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>554,816</u>	<u>751,493</u>	<u>1,555,308</u>	<u>1,641,173</u>
Expenses:												
Wages and benefits	128,352	147,389	-	-	-	-	-	-	-	-	128,352	147,389
Consulting fees	146,138	77,480	-	-	-	-	-	-	-	-	146,138	77,480
Fundraising Costs	81,899	83,206	-	-	-	-	-	-	-	-	81,899	83,206
Administration	32,538	24,896	-	-	-	-	-	-	-	-	32,538	24,896
Professional & Investment Fees	17,953	17,989	-	-	-	-	-	-	-	-	17,953	17,989
	<u>406,880</u>	<u>350,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,880</u>	<u>350,960</u>
Excess of revenues over expenses	8,315	523,342	585,297	14,878	-	500	-	-	554,816	751,493	1,148,428	1,290,213
Fund balances, beginning of year	(436,878)	(241,074)	733,476	520,774	295,169	294,669	25,000	30,000	1,916,445	1,416,354	2,533,212	2,020,723
Transfers to Georgian Bay General Hospital (Note 5)	(367,150)	(757,348)	(394,196)	(5,200)	-	-	(5,000)	(5,000)	(929,360)	(10,176)	(1,695,706)	(777,724)
Interfund transfers	-	38,202	-	203,024	-	-	-	-	-	(241,226)	-	-
Fund balances, end of year	<u>\$ (795,713)</u>	<u>\$ (436,878)</u>	<u>\$ 924,577</u>	<u>\$ 733,476</u>	<u>\$ 295,169</u>	<u>\$ 295,169</u>	<u>\$ 20,000</u>	<u>\$ 25,000</u>	<u>\$ 1,541,901</u>	<u>\$ 1,916,445</u>	<u>\$ 1,985,934</u>	<u>\$ 2,533,212</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Georgian Bay General Hospital Foundation

Statement of Cash Flows

March 31	2018	2017
Cash flows from operating activities		
Excess of revenues over expenses	\$ 1,148,428	\$ 1,290,213
Adjustments for:		
Gifts of shares	(183,516)	(97,844)
Transfers to Georgian Bay General Hospital	(1,695,706)	(777,724)
Transfer to other charities	-	-
Realized and unrealized loss (gain) and income on investments	5,281	(44,648)
	<u>(725,513)</u>	<u>369,997</u>
Changes in non-cash working capital balances		
Accounts receivable	(2,523)	2,365
Prepays	(5,538)	-
Accounts payable and accrued liabilities	(1)	2
Deferred revenue	28,000	-
Payable to Georgian Bay General Hospital	14,279	566,071
	<u>(691,296)</u>	<u>938,435</u>
Net increase (decrease) in cash	(691,296)	938,435
Cash, beginning of year	1,178,198	239,763
Cash, end of year	\$ 486,902	\$ 1,178,198

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Georgian Bay General Hospital Foundation Summary of Significant Accounting Policies

March 31, 2018

1. Significant Accounting Policies

Nature and Purpose of Organization

The Georgian Bay General Hospital Foundation (the "Foundation") is incorporated without share capital under the Corporations Act (Ontario) as a charitable organization and is a registered charity under the Income Tax Act (Canada).

The Foundation is principally involved in raising funds for the benefit of the Georgian Bay General Hospital. The fund balances and operations of the Georgian Bay General Hospital Foundation are ultimately for the benefit of the Georgian Bay General Hospital. The Foundation is an independent legal entity from the Hospital and therefore these financial statements have not been consolidated with the Hospital.

Basis of Accounting

These financial statements were prepared using Canadian accounting standards for not-for-profit organizations.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the fair values of financial instruments, the allocation of unrealized gains and losses related to the change in the fair value of investments to the various fund balances, and the fair value of in-kind donations. Actual results could differ from management's best estimates as additional information becomes available in the future.

Georgian Bay General Hospital Foundation Summary of Significant Accounting Policies

March 31, 2018

1. Significant Accounting Policies (continued)

Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Foundation's program delivery and administration activities. This fund reports unrestricted resources.

The Externally Restricted Specified Fund reports restricted resources that are to be used for the purposes specified by the respective donors.

The Endowment Fund reports restricted resources that are to be maintained permanently for endowment purposes.

The Internally Restricted Fund reports funds that have been internally restricted by the Board.

The Externally Restricted Specified Capital Fund reports restricted resources that are to be used for the purchase of capital assets as specified by the respective donors.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year which the related expenditures are incurred. All other restricted contributions are recognized as revenue of the appropriate fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Investment income earned on the General and Internally Restricted Funds is unrestricted in its use. Investment income earned on the Endowment Fund and Externally Restricted Specified Fund is unrestricted in its use, unless otherwise specified by the donors in which case it is recorded in the respective fund. Investment income earned on the Externally Restricted Specified Capital Fund is recognized within the Fund.

Georgian Bay General Hospital Foundation Summary of Significant Accounting Policies

March 31, 2018

1. Significant Accounting Policies (continued)

Contributed Materials and Services

Contributions of materials are recognized in the period they are donated at their fair market value when a fair value can be reasonably estimated and when the materials are used in the normal course of the Foundation's operations and would otherwise have been purchased.

Contributed services are not recognized in the financial statements due to the inherent difficulty in valuing the time of volunteers.

Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in the statement of operations and changes in fund balances in the current period. Investments denominated in foreign currency are recorded at the foreign exchange rate in effect at the time the investment was purchased.

Financial Instruments

Financial instruments are initially recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in income. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Georgian Bay General Hospital Foundation Summary of Significant Accounting Policies

March 31, 2018

2. Financial Instruments

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 Foundation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

Liquidity Risk

Liquidity risk is the risk that the Foundation encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and amounts due to the Georgian Bay General Hospital. The Foundation manages liquidity risk by monitoring the operating requirements of the Foundation. The Foundation prepares a budget and cash forecasts to ensure it has sufficient funds to meet its obligations.

Market Risk

The Foundation is exposed to fluctuations in market rates on the investments held.

3. Cash

The Foundation's bank accounts are held at one chartered bank. The bank accounts earn interest at a variable rate.

Georgian Bay General Hospital Foundation Summary of Significant Accounting Policies

March 31, 2018

4. Investments

	2018		2017	
	Quoted		Quoted	
	Cost	Market value	Cost	Market value
Cash held with Investment Company	\$ 42,295	\$ 42,295	\$ 13,887	\$ 13,887
Government bonds	2,397,311	2,398,651	2,234,643	2,248,824
	\$ 2,439,606	\$ 2,440,946	\$ 2,248,530	\$ 2,262,711

Cash and cash equivalents earn interest at variable rate.

Government bonds, interest rates at 1.57% per year and have a maturity date of June 27, 2018.

The investment income earned during the year consists of the following types of income allocated between the respective funds:

	<u>General Fund</u>	<u>Specified Donations</u>	<u>Capital Campaign</u>	<u>Total</u>
Interest income	\$ 5,924	\$ 846	\$ 10,155	\$ 16,925
Dividend income	18	3	32	53
Net realized and unrealized gain (loss)	(416)	(59)	(714)	(1,189)
	\$ 5,526	\$ 790	\$ 9,473	\$ 15,789

The fair value of investments approximates the market value.

Georgian Bay General Hospital Foundation Summary of Significant Accounting Policies

March 31, 2018

5. Pension Plan

HOOPP provides pension services to more than 339,000 active and retired members and more than 540 employers. Substantially all of the full-time employees and some of the part-time employees are members of HOOPP. The plan is a multi-employer plan and therefore the Hospital's contributions are accounted for as if the plan were a defined contribution plan with the Hospital's contributions being expensed in the period they come due. Each year, an independent actuary determines the funding status of HOOPP by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The results of the most recent valuation as at December 31, 2017 disclosed a surplus of \$18,153 million. The results of this valuation disclosed total actuarial liabilities and pension obligations of \$160,537 million in respect of benefits accrued for service with actuarial assets at that date of \$178,690 million. Because HOOPP is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario member organizations and their employees. As a result, the Hospital does not recognize any share of the HOOPP surplus or deficit. Contributions made by the Foundation to HOOPP during the year amounted to \$7,946 (2017 - \$11,433).

6. Related party transactions

The Foundation receives and maintains funds to provide for the enhancement of facilities and services at Georgian Bay General Hospital. During the year, the Foundation transferred \$1,695,706 (2017 - \$777,724) to Georgian Bay General Hospital.

At year end, there was an amount payable to the Georgian Bay General Hospital of \$933,627 (2017 - \$919,348). This was comprised of \$113,985 (2017 - \$96,194) for operating expenses and \$819,642 (2017 - \$823,154) for capital projects.

The Georgian Bay General Hospital's restricted cash balance for the year end March 31, 2018 includes \$175,447 (2017 - \$198,350) of funds received from the Foundation.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

Georgian Bay General Hospital Foundation Summary of Significant Accounting Policies

March 31, 2018

7. Commitment

The Foundation committed to fund the redevelopment of the Emergency Department ("ED") as well as ongoing capital needs of the Georgian Bay General Hospital. The Foundation has a remaining commitment of \$50,258 for the ED project. In 2015, the Foundation committed to raising \$1.6 million over three years for a new CT scanner. The Foundation has a remaining commitment of \$282,532 for the CT scanner. In 2017, the Foundation committed to raising \$416,000 for the adopt-a-room project. The Foundation has a remaining commitment of \$359,425 for the adopt-a-room project.

8. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform with current year's presentation.
