

**Georgian Bay General
Hospital Foundation
Financial Statements**
For the year ended March 31, 2019

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Financial Statements
For the year ended March 31, 2019

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Independent Auditor's Report

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

Qualified Opinion

We have audited the accompanying financial statements of Georgian Bay General Hospital Foundation (the Foundation), 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation 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 not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2018 and 2019, current assets as at March 31, 2018 and 2019, and net assets as at April 1 and March 31 for both the 2018 and 2019 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 Entity 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 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. 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 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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.



Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BOO CANADALLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 25, 2019

Georgian Bay General Hospital Foundation
Statement of Financial Position

March 31	2019	2018
Assets		
Cash (Note 3)	\$ 1,453,316	\$ 486,902
Prepaid Expenses	5,554	6,246
Accounts Receivable	19,010	16,680
Investments (Note 4)	1,093,796	2,440,946
	\$ 2,571,676	\$ 2,950,774
Liabilities and Fund Balances		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 34	\$ 3,213
Deferred Revenue	14,215	28,000
Payable to Georgian Bay General Hospital (Note 6)	1,580,352	933,627
	1,594,601	964,840
Fund Balances:		
General Fund	105,781	(795,713)
Externally Restricted Specified Fund	658,253	924,577
Endowment Fund	297,669	295,169
Internally Restricted Fund	15,000	20,000
Externally Restricted Specified Capital Fund	(99,628)	1,541,901
	977,075	1,985,934
	\$ 2,571,676	\$ 2,950,774

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

For the year ended March 31	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	General Fund		Externally Restricted Specified Fund		Endowment Fund		Internally Restricted Fund		Externally Restricted Specified Capital Fund		Total	
Revenue												
Donations	\$ 579,026	\$ 275,436	\$ 345,902	\$ 558,122	\$ 500	\$ -	\$ -	\$ -	\$ 126,677	\$ 294,418	\$ 1,052,105	\$ 1,127,976
Bequests	579,170	22,080	-	-	-	-	-	-	-	-	579,170	22,080
Fundraising	172,176	110,994	285,002	26,485	-	-	-	-	137,680	252,061	594,858	389,540
Investment Income	11,769	6,685	3,558	690	-	-	-	-	34,720	8,337	50,047	15,712
	<u>1,342,141</u>	<u>415,195</u>	<u>634,462</u>	<u>585,297</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,077</u>	<u>554,816</u>	<u>2,276,180</u>	<u>1,555,308</u>
Expenses:												
Wages and benefits	184,224	128,352	-	-	-	-	-	-	-	-	184,224	128,352
Consulting fees	82,359	146,138	-	-	-	-	-	-	-	-	82,359	146,138
Fundraising Costs	105,670	81,899	-	-	-	-	-	-	-	-	105,670	81,899
Administration	41,715	32,538	-	-	-	-	-	-	-	-	41,715	32,538
Professional & Investment fees	20,622	17,953	-	-	-	-	-	-	-	-	20,622	17,953
	<u>434,590</u>	<u>406,880</u>									<u>434,590</u>	<u>406,880</u>
Excess of revenues over expenses	907,551	8,315	634,462	585,297	500	-	-	-	299,077	554,816	1,841,590	1,148,428
Fund balances, beginning of year	(795,713)	(436,878)	924,577	733,476	295,169	295,169	20,000	25,000	1,541,901	1,916,445	1,985,934	2,533,212
Transfers to Georgian Bay General Hospital (Note 6)	(750,000)	(367,150)	(172,930)	(394,196)	-	-	(5,000)	(5,000)	(1,922,519)	(929,360)	(2,850,449)	(1,695,706)
Interfund transfers	743,943	-	(727,856)	-	2,000	-	-	-	(18,087)	-	-	-
Fund balances, end of year	\$ 105,781	\$ (795,713)	\$ 658,253	\$ 924,577	\$ 297,669	\$ 295,169	\$ 15,000	\$ 20,000	\$ (99,628)	\$ 1,541,901	\$ 977,075	\$ 1,985,934

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	2019	2018
Cash flows from operating activities		
Excess of revenues over expenses	\$ 1,841,590	\$ 1,148,428
Adjustments for:		
Gifts of shares	(133,631)	(183,516)
Transfers to Georgian Bay General Hospital	(2,850,449)	(1,695,706)
Realized gain and income on investments	(19,219)	5,281
	<u>(1,161,709)</u>	<u>(725,513)</u>
Changes in non-cash working capital balances		
Accounts receivable	(2,330)	(2,523)
Prepays	692	(5,538)
Accounts payable and accrued liabilities	(3,179)	(1)
Deferred revenue	(13,785)	28,000
Payable to Georgian Bay General Hospital	646,725	14,279
	<u>(533,586)</u>	<u>(691,296)</u>
Cash flow from investing activities		
Transfer from Investment Account	1,500,000	-
Net increase (decrease) in cash	966,414	(691,296)
Cash, beginning of year	486,902	1,178,198
Cash, end of year	\$ 1,453,316	\$ 486,902

Georgian Bay General Hospital Foundation Notes to Financial Statements

March 31, 2019

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 Notes to Financial Statements

March 31, 2019

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 Notes to Financial Statements

March 31, 2019

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 Notes to Financial Statements

March 31, 2019

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 Notes to Financial Statements

March 31, 2019

4. Investments

	2019		2018	
	Cost	Quoted Market value	Cost	Quoted Market value
Cash held with Investment Company	\$ 16,174	\$ 16,174	\$ 42,295	\$ 42,295
Government bonds	1,075,903	1,077,622	2,397,311	2,398,651
	\$ 1,092,077	\$ 1,093,796	\$ 2,439,606	\$ 2,440,946

Cash and cash equivalents earn interest at variable rate.

Government bonds, interest rates at 2.1% per year and have a maturity date of September 8, 2019.

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	\$ 7,607	\$ 2,300	\$ 22,444	\$ 32,351
Dividend income	9	2	23	34
Net realized gain	4,153	1,256	12,253	17,662
	\$ 11,769	\$ 3,558	\$ 34,720	\$ 50,047

The fair value of investments approximates the market value.

Georgian Bay General Hospital Foundation Notes to Financial Statements

March 31, 2019

5. Pension Plan

HOOPP provides pension services to more than 357,000 active and retired members and more than 570 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, 2018 disclosed a surplus of \$13,891 million. The results of this valuation disclosed total actuarial liabilities and pension obligations of \$158,965 million in respect of benefits accrued for service with actuarial assets at that date of \$172,856 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 \$9,858 (2018 - \$7,946).

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 \$2,850,449 (2018 - \$1,695,706) to Georgian Bay General Hospital.

At year end, there was an amount payable to the Georgian Bay General Hospital of \$1,580,352 (2018 - \$933,627). This was comprised of \$77,010 (2018 - \$113,985) for operating expenses and \$1,503,342 (2018 - \$819,642) for capital projects.

The Georgian Bay General Hospital's restricted cash balance for the year end March 31, 2019 includes \$150,622 (2018 - \$175,447) 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.

7. Comparative Amounts

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