

Financial Statements of

**WINCHESTER DISTRICT MEMORIAL
HOSPITAL FOUNDATION**

Year ended March 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Winchester District Memorial Hospital Foundation

We have audited the accompanying financial statements of the Winchester District Memorial Hospital Foundation, which comprise the statement of financial position as at March 31, 2016, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 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 our 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, we consider 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 audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Winchester District Memorial Hospital Foundation as at March 31, 2016 and its results of operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 15, 2016

Ottawa, Canada

WINCHESTER DISTRICT MEMORIAL HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 174,501	\$ 72,807
Accounts receivable	35,236	9,451
Prepaid expenses and deposits	14,312	8,821
	<u>224,049</u>	<u>91,079</u>
Investments (note 3)	566,509	556,694
Capital assets	–	780
	<u>\$ 790,558</u>	<u>\$ 648,553</u>
Liabilities and Net Assets		
Liabilities:		
Payable to related parties (note 4)	\$ 96,363	\$ 72,709
Other payables	4,332	56,963
Deferred revenue (note 5)	15,670	–
	<u>116,365</u>	<u>129,672</u>
Net assets (note 6):		
Restricted	812,916	736,322
Unrestricted	(138,723)	(218,221)
Invested in capital assets	–	780
	<u>674,193</u>	<u>518,881</u>
Commitments (note 8)		
	<u>\$ 790,558</u>	<u>\$ 648,553</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

WINCHESTER DISTRICT MEMORIAL HOSPITAL FOUNDATION

Statement of Operations

Year ended March 31, 2016, with comparative information for 2015

	Restricted	Unrestricted	2016	2015
Revenue:				
Signature events	\$ 85,214	\$ –	\$ 85,214	\$ 96,112
Third party events	33,259	35,898	69,157	145,433
Direct mail	15,758	75,501	91,259	116,221
Other donations	181,357	214,112	395,469	309,308
Investment	4,844	1,412	6,256	13,403
	<u>320,432</u>	<u>326,923</u>	<u>647,355</u>	<u>680,477</u>
Expenses:				
Salaries and benefits	–	159,302	159,302	354,133
Signature events	22,844	1,301	24,145	31,296
Third party events	1,184	5,456	6,640	2,776
Transfer to third party	9,098	–	9,098	16,150
Direct mail	–	14,696	14,696	34,724
Software maintenance	–	6,870	6,870	4,380
Office supplies	–	8,470	8,470	7,461
Donor relations	–	4,598	4,598	4,465
Amortization of capital assets	–	780	780	2,123
Other	394	46,732	47,126	44,476
	<u>33,520</u>	<u>248,205</u>	<u>281,725</u>	<u>501,984</u>
Excess of revenue over expenses before donation	286,912	78,718	365,630	178,493
Donation to the Hospital (note 4)	210,318	–	210,318	1,364,789
Excess (deficiency) of revenue over expenses	\$ 76,594	\$ 78,718	\$ 155,312	\$ (1,186,296)

See accompanying notes to financial statements.

WINCHESTER DISTRICT MEMORIAL HOSPITAL FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2016, with comparative information for 2015

	Restricted	Unrestricted	Invested in capital assets	2016 Total	2015 Total
Net assets, beginning of the year	\$ 736,322	\$ (218,221)	\$ 780	\$ 518,881	\$ 1,705,177
Excess (deficiency) of revenue over expenses	76,594	78,718	–	155,312	(1,186,296)
Amortization of capital assets	–	780	(780)	–	–
Net assets, end of year	\$ 812,916	\$ (138,723)	\$ –	\$ 674,193	\$ 518,881

See accompanying notes to financial statements.

WINCHESTER DISTRICT MEMORIAL HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used for):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 155,312	\$ (1,186,296)
Amortization of capital assets, which does not involve cash	780	2,123
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(25,785)	5,136
Increase in prepaid expenses	(5,491)	(3,638)
Increase (decrease) in payable to related parties	23,654	(151,756)
Increase (decrease) in other payables	(52,631)	50,539
Increase in deferred revenue	15,670	-
	111,509	(1,283,892)
Investing activities:		
Net disposals (additions to) of investments	(9,815)	1,229,646
Increase (decrease) in cash	101,694	(54,246)
Cash, beginning of year	72,807	127,053
Cash, end of year	\$ 174,501	\$ 72,807

See accompanying notes to financial statements.

WINCHESTER DISTRICT MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2016

1. Purpose of the Foundation:

The Winchester District Memorial Hospital Foundation (the "Foundation") was incorporated on December 23, 1993, under the laws of Ontario as a corporation without share capital. The Foundation is a charitable organization registered under the Income Tax Act (Canada) and as such is exempt from income taxes and able to issue donation receipts for income tax purposes.

The primary purpose of the Foundation is to receive and maintain funds to be applied fully or in part as donations to Winchester District Memorial Hospital (the "Hospital").

2. Significant accounting policies:

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

(a) Basis of presentation:

The Foundation uses the restricted fund method of accounting for contributions for not-for-profit organizations.

(b) Funds:

The Foundation has established two categories of funds as follows:

(i) The restricted fund consists of contributions and gifts to be used for capital purposes as well as for other specific purposes and is reduced by direct expenses relating to the cost of raising these funds.

(ii) The unrestricted fund consists of general revenue and operating expenses.

(c) Revenue recognition:

Restricted contributions are recognized as revenue of the restricted fund. Unrestricted contributions are recognized as revenue of the unrestricted fund. Restricted and unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Investment income is allocated between the unrestricted fund and restricted fund based on the proportionate net asset value of each on a monthly basis and recognized when earned.

WINCHESTER DISTRICT MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements, page 2

Year ended March 31, 2016

2. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Donated investments are initially recorded at fair value on the date of the delivery of the investment to the Foundation.

(e) Donations-in-kind:

Donations of materials are recorded as revenue at fair value when received.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

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Notes to Financial Statements, page 3

Year ended March 31, 2016

3. Investments:

	2016 Fair value	2015 Fair value
Cash and cash equivalents	\$ 4,041	\$ 33
Mutual funds	562,468	556,661
	<hr/> \$ 566,509	<hr/> \$ 556,694

4. Related party transactions:

The Foundation raises, manages and distributes funds to support the Winchester District Memorial Hospital. The Foundation's funds are used to purchase equipment for capital projects and to contribute to the improvement of patient care.

During the year ended March 31, 2016, the Foundation donated cash of \$210,318 (2015 - \$1,364,789) to the Hospital.

At March 31, 2016, \$90,613 (2015 - \$64,068) was payable to the Hospital for expenses incurred on behalf of the Foundation and donations to the Hospital.

The Foundation provides administrative support at no cost to the Winchester District Memorial Hospital Auxiliary.

During the year, the Foundation received donations on behalf of the Auxiliary in the amount of \$41,552 (2015 - \$59,209) of which the Foundation provided cash of \$35,802 (2015 - \$50,568) to the Auxiliary.

At March 31, 2016, \$5,750 (2015 - \$8,641) was payable to the Auxiliary.

5. Deferred revenue:

Deferred revenue consists of donations received in advance for a signature event that will be held in the next fiscal year.

WINCHESTER DISTRICT MEMORIAL HOSPITAL FOUNDATION

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Year ended March 31, 2016

6. Net assets:

The Foundation defines capital as its unrestricted net assets, restricted net assets and its net assets invested in capital assets. The purposes of the Foundation's funds are as follows:

- The purpose of the unrestricted net assets is to fund future operations.
- The purpose of the restricted net assets is to acquire capital assets or fund other specific purposes specified externally by donors.
- The purpose of the net assets invested in capital assets is to fund the past acquisition of capital assets required for operational purposes.

The Foundation manages its net assets by establishing restricted funds and appropriating amounts to the restricted funds for anticipated future projects, contingencies and other capital projects.

7. Interfund transfer:

In 2016, the Foundation's Board approved the transfer of \$Nil (2015 - \$54,852) from the Unrestricted Fund net asset balance to the Restricted Fund.

8. Commitments:

The Foundation has entered into a lease agreement for photocopier with the following required future minimum payments:

2017	\$	4,260
2018		4,620
2019		4,620
2020		1,065
		<hr/>
		\$ 14,565

9. Financial risks and concentration of risk:

Unless otherwise noted, the Foundation believes that it is not subject to significant interest rate, market, credit or currency risk arising from its financial instruments.

Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments.