

Financial Statements of

**JOSEPH BRANT MEMORIAL  
HOSPITAL FOUNDATION**

Year ended March 31, 2012



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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Joseph Brant Memorial Hospital Foundation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Joseph Brant Memorial Hospital Foundation, which comprise the statement of financial position as at March 31, 2012, and the statements of operations and changes in fund balances 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 generally accepted accounting principles, 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 qualified audit opinion.



*Basis for Qualified Opinion*

In common with many charitable organizations, Joseph Brant Memorial Hospital Foundation derives revenues from donations and fundraising events, 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 Joseph Brant Memorial Hospital Foundation, and we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, assets and fund balances.

*Qualified Opinion*

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Joseph Brant Memorial Hospital Foundation as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

Hamilton, Canada

May 28, 2012

# JOSEPH BRANT MEMORIAL HOSPITAL FOUNDATION


Statement of Financial Position

March 31, 2012, with comparative figures for 2011

	General fund	Annual funds	Capital Campaign fund	Endowment funds	2012 Total	2011 Total
<b>Assets</b>						
Cash and investments	\$ 1,816,584	\$ 6,115,902	\$ -	\$ 13,162,097	\$ 21,094,583	\$ 19,299,374
Accounts receivable	41,252	-	-	-	41,252	22,895
Capital assets, net	25,543	-	-	-	25,543	34,837
	<u>\$ 1,883,379</u>	<u>\$ 6,115,902</u>	<u>\$ -</u>	<u>\$ 13,162,097</u>	<u>\$ 21,161,378</u>	<u>\$ 19,357,106</u>
<b>Liabilities and fund balances</b>						
Current liabilities:						
Accounts payable and accrued liabilities (note 3)	\$ 1,632,625	\$ 121,050	\$ -	\$ -	\$ 1,753,675	\$ 569,563
Grants payable to Joseph Brant Memorial Hospital	250,000	2,793,431	-	3,726	3,047,157	1,882,789
	<u>1,882,625</u>	<u>2,914,481</u>	<u>-</u>	<u>3,726</u>	<u>4,800,832</u>	<u>2,452,352</u>
Fund balances:						
Investment in capital assets	25,543	-	-	-	25,543	34,837
Externally restricted (note 4)	-	3,201,421	-	455,935	3,657,356	2,495,366
Internally restricted (note 5)	-	-	-	12,702,436	12,702,436	14,290,290
Unrestricted	(24,789)	-	-	-	(24,789)	84,261
	<u>754</u>	<u>3,201,421</u>	<u>-</u>	<u>13,158,371</u>	<u>16,360,546</u>	<u>16,904,754</u>
Commitments (notes 6 and 8)						
	<u>\$ 1,883,379</u>	<u>\$ 6,115,902</u>	<u>\$ -</u>	<u>\$ 13,162,097</u>	<u>\$ 21,161,378</u>	<u>\$ 19,357,106</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director  
 Director

# JOSEPH BRANT MEMORIAL HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2012, with comparative figures for 2011

	General fund	Annual funds	Capital Campaign fund	Endowment funds	2012 Total	2011 Total
<b>Revenues:</b>						
Donations	\$ 1,121,040	\$ 2,878,605	\$ -	\$ 500	\$ 4,000,145	\$ 3,244,025
Investment income (loss)	(234,322)	(38,121)	-	-	(272,443)	1,398,798
	886,718	2,840,484	-	500	3,727,702	4,642,823
<b>Expenses:</b>						
Operating (note 7)	495,042	1,962,500	-	-	2,457,542	1,745,165
Excess of revenues over expenses	391,676	877,984	-	500	1,270,160	2,897,658
Fund balance, beginning of year	119,098	2,034,256	5,675	14,745,725	16,904,754	15,889,885
Grants (note 8)	(250,000)	(1,564,368)	-	-	(1,814,368)	(1,882,789)
Interfund transfers (note 5)	(260,020)	1,853,549	(5,675)	(1,587,854)	-	-
Fund balance, end of year	\$ 754	\$ 3,201,421	\$ -	\$ 13,158,371	\$ 16,360,546	\$ 16,904,754

See accompanying notes to financial statements.

# JOSEPH BRANT MEMORIAL HOSPITAL FOUNDATION

## Statement of Cash Flow

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Cash and investments provided by (used in):		
Operations:		
Donations, net of expenses	\$ 1,542,603	\$ 1,498,860
Investment income (loss)	(272,443)	1,398,798
Depreciation, not requiring cash	9,294	9,777
Changes in non-cash working capital	2,330,123	296,757
	<u>3,609,577</u>	<u>3,204,192</u>
Investing activities:		
Purchase of capital assets	-	(26,684)
Grants to Joseph Brant Memorial Hospital	(1,814,368)	(1,882,789)
	<u>1,795,209</u>	<u>1,294,718</u>
Increase in cash and investments	1,795,209	1,294,718
Cash and investments, beginning of year	19,299,374	18,004,655
	<u>\$ 21,094,583</u>	<u>\$ 19,299,374</u>

See accompanying notes to the financial statements.

# JOSEPH BRANT MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2012

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## 1. Purpose of the Organization:

The Joseph Brant Memorial Hospital Foundation ("Foundation") is incorporated under the Province of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

The purpose of the Foundation is to raise and administer funds to provide for the capital needs of the Joseph Brant Memorial Hospital ("Hospital").

## 2. Significant accounting policies:

### (a) Fund accounting:

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

#### **General Fund**

The General Fund records unrestricted donations and investment income earned on unrestricted funds and on the internally restricted portion of the Endowment Funds.

Fifty percent (50%) of the Foundation's Salaries and benefits, and none of the Foundation's other Operating expenses are charged to the General Fund.

#### **Annual Funds**

The Annual Fund records donations received for the Foundation's annual fund-raising campaign as well as other donations that are restricted by the donors.

The balance in the Annual Fund represents various funds, all of which must be spent as specified by the donors.

Fifty percent (50%) of the Foundation's Salaries and benefits and one hundred percent (100%) of the Foundation's other Operating expenses are charged to the Annual Fund.

Investment income earned on these fund balances and on the externally restricted portion of the Endowment Funds is recorded in the Annual Fund.

During the year, the Auxiliary to the Joseph Brant Memorial Hospital contributed \$285,510 (2011 - \$322,720) to the Annual Fund.

# JOSEPH BRANT MEMORIAL HOSPITAL FOUNDATION

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Year ended March 31, 2012

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## 2. Significant accounting policies (continued):

### (a) Fund accounting (continued):

#### **Capital Campaign Fund**

The opening surplus remained from the Tomorrow is Here campaign from prior years. The surplus was transferred to the building fund within the Annual Fund.

#### **Endowment Funds**

The Endowment Funds record resources that have been contributed to the Foundation with the stipulation that the capital amount be permanently retained (externally restricted). In addition, the Endowment Funds record resources that have been contributed to the General Fund and are transferred by the Board of Directors as internally restricted. Investment income earned on these funds is recorded in the General Fund (for income earned on the internally restricted portion) and in the Annual Fund (for that portion which is externally restricted).

### (b) Investments:

Investments with a term to maturity of 90 days or less at date of acquisition are recorded at cost plus accrued income which approximates fair value due to their short-term nature. Long-term investments are carried at estimated fair values, generally evidenced by the quoted market value. The estimated fair values are based upon market conditions at a specific point in time and may not reflect future fair values. Changes in fair values are included in investment income (loss).

The total cost of cash and investments at March 31, 2012 is \$20,818,707 (2011 - \$18,494,727).



# JOSEPH BRANT MEMORIAL HOSPITAL FOUNDATION

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Year ended March 31, 2012

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## 2. Significant accounting policies (continued):

### (c) Capital assets:

Capital assets are stated at cost. Amortization is provided annually on the straight-line basis over five years. Contributed capital assets received for the benefit of Joseph Brant Memorial Hospital are recorded at fair value at the time of receipt.

### (d) Revenue recognition:

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

Unrestricted contributions are recognized as revenue of the General Fund in the year received.

Investment income earned on Endowment Fund resources which are externally restricted is recognized as revenue in the Annual Fund. Investment income earned on the internally restricted Endowment Fund resources is recognized as revenue in the General Fund. Investment income on General Fund, Annual Funds and Capital Campaign Fund resources are recognized as revenue in the respective fund. Other investment income is recognized as revenue of the General Fund when earned.

### (e) Contributed materials and services:

Donated materials, when received, are reflected in donation revenue and expenses of the General Fund. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

### (f) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value. They are subsequently valued at fair value or amortized cost depending on the classification selected for the financial instrument. Financial assets are classified as either "held-for-trading", "held-to-maturity", "available-for-sale" or "loans and receivables" and financial liabilities are classified as either "held-for-trading" or "other liabilities". Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in fair value recorded in the statement of operations. Financial assets classified as held-to-maturity or loans and receivables and financial liabilities classified as other liabilities are subsequently measured at amortized cost using the effective interest method.

# JOSEPH BRANT MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements, page 4

Year ended March 31, 2012

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## 2. Significant accounting policies (continued):

### (f) Financial instruments (continued):

The Foundation classified its financial instruments as follows:

- Cash and investments are classified as held-for-trading.
- Accounts payable and accrued liabilities and grants payable to Joseph Brant Memorial Hospital are classified as other liabilities.

The Foundation elected to use settlement date accounting for regular-way purchases and sales of financial assets.

The Foundation has elected to not separately account for embedded derivatives.

## 3. Due to Joseph Brant Memorial Hospital Corporation:

Included in accounts payable and accrued liabilities is \$1,587,101 (2011 - \$479,855) due to Joseph Brant Memorial Hospital Corporation. The amount due represents amounts payable for payment of accounts payable and payroll, and are non-interest bearing, unsecured and without fixed terms of repayment.

## 4. Externally restricted net assets:

Major categories of externally imposed restrictions on net assets are as follows:

	2012	2011
Auxiliary to the Joseph Brant Memorial Hospital	\$ 510,591	\$ 452,676
Building Fund	680,897	128,245
Endowment Funds	561,732	524,331
Equipment	1,464,754	922,752
Renovations	439,382	467,362
	<u>\$ 3,657,356</u>	<u>\$ 2,495,366</u>

Externally imposed restrictions for the Endowment Funds are reflected as \$455,935 (2011 - \$455,435) in the Endowment Funds and \$105,797 (2011 - \$68,896) in the Annual Funds.

# JOSEPH BRANT MEMORIAL HOSPITAL FOUNDATION

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Year ended March 31, 2012

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## 5. Interfund transfers and internally restricted net assets:

During the year, unrestricted donations and investment income earned on the internally restricted portion of the Endowment Funds, in the amount of \$560,020 (2011 - \$149,289) were internally restricted for endowment purposes. These internally restricted amounts are not available for unrestricted purposes without approval of the Board of Directors.

In addition, \$2,147,874 was transferred during the year, from the internally restricted portion of the endowment funds to: i) the unrestricted General fund, in the amount of \$300,000 to fund an operational grant to the Hospital; and, ii) the externally restricted Annual funds, in the amount of \$1,847,874 to fund capital purchases for diagnostic imaging equipment, critical needs equipment, and operational expenses.

## 6. Commitment:

The Foundation has issued a letter of guarantee through its financial institution to provide a guarantee to the City of Burlington. The outstanding letter of guarantee is for \$20,373.

## 7. Operating expenses:

	2012	2011
Salaries and benefits	\$ 990,084	\$ 875,987
Printing, mailing and other fundraising	1,458,164	859,401
Depreciation	9,294	9,777
	<u>\$ 2,457,542</u>	<u>\$ 1,745,165</u>

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# JOSEPH BRANT MEMORIAL HOSPITAL FOUNDATION

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Year ended March 31, 2012

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## 8. Grants to Joseph Brant Memorial Hospital Corporation:

Grants to Joseph Brant Memorial Hospital Corporation were for the following purposes:

	2012	2011
Critical Needs Equipment	\$ 1,134,961	\$ 1,384,459
Renovations	-	33,222
Endowment Equipment	3,726	3,726
Diagnostic Imaging Equipment	300,000	300,000
Operating Grant	265,000	-
Other	110,681	161,382
	<u>\$ 1,814,368</u>	<u>\$ 1,882,789</u>

The Foundation has an outstanding commitment to the Hospital of \$547,758 at March 31, 2012 for equipment and renovation costs. The Foundation has raised and collected some of these funds but the Hospital has not yet incurred these expenditures.

The Foundation also has outstanding commitments to the Hospital of \$300,000 at March 31, 2012 for the Diagnostic Imaging Bulk equipment purchased by the Hospital in fiscal 2007. The Foundation made a seven year commitment to fund the purchase at \$300,000 per year.

## 9. Fair value of financial instruments:

The Foundation's carrying value of cash and investments, accounts payable and accrued liabilities and grants payable to Joseph Brant Memorial Hospital Corporation approximate fair value due to the immediate or short-term nature of these instruments.