

**CARLETON PLACE AND DISTRICT
MEMORIAL HOSPITAL FOUNDATION**

FINANCIAL STATEMENTS

MARCH 31, 2019

Independent Auditor's Report
Statement of Financial Position
Statement of Changes in Net Assets
Statement of Operations
Statement of Cash Flows
Notes to the Financial Statements



CHARTERED
PROFESSIONAL
ACCOUNTANTS

KELLY HUIBERS MCNEELY

PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Carleton Place and District Memorial Hospital Foundation

Qualified Opinion

We have audited the accompanying financial statements of Carleton Place and District Memorial Hospital 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 paragraph, the financial statements present fairly, in all material respects, the financial position of Carleton Place and District Memorial Hospital Foundation as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

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 Foundation 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 opinion.

In common with many not-for-profit organizations, Carleton Place and District Memorial Hospital 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 Carleton Place and District Memorial Hospital Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, deficiency of revenue over expenditures, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at the beginning and the end of the years ended March 31, 2019 and 2018. Our audit opinion on the financial statements for the year ended 2018 was also qualified because of the possible effects of this limitation in scope.

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 Carleton Place and District Memorial Hospital 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 Carleton Place and District Memorial Hospital Foundation or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing Carleton Place and District Memorial Hospital 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- 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.

Kelly Huibers McNeely
Professional Corporation

Carleton Place, Ontario
June 19, 2019

Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

**CARLETON PLACE AND DISTRICT
MEMORIAL HOSPITAL FOUNDATION**

STATEMENT OF FINANCIAL POSITION

As at March 31, 2019

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 121,654	\$ 18,913
HST receivable	6,117	13,711
Prepaid expenses	2,525	-
Investments (note 3)	4,347,541	3,774,911
	\$ 4,477,837	\$ 3,807,535
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,511	\$ 5,140
Due to Carleton Place and District Memorial Hospital	47,715	960
	50,226	6,100
NET ASSETS		
Restricted (note 4)	2,901,380	2,348,408
Unrestricted	1,526,231	1,453,027
	4,427,611	3,801,435
	\$ 4,477,837	\$ 3,807,535

APPROVED BY THE BOARD

Director

Director

The accompanying notes are an integral part of these financial statements.

**CARLETON PLACE AND DISTRICT
MEMORIAL HOSPITAL FOUNDATION**

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2019

	Opening	Net Revenue (Expenditures)	Transfers	Closing
Unrestricted	\$ <u>1,453,027</u>	\$ <u>425,082</u>	\$ <u>(351,878)</u>	\$ <u>1,526,231</u>
Restricted:				
MacFarlane Trust	640,000	-	360,000	1,000,000
Legacy Fund	1,687,785	(6,017)	(129,777)	1,551,991
Jean Fyfe Memorial Fund	578,465	120,021	-	698,486
Comprehensive Capital Campaign	-	75,908	121,655	197,563
Clifford Memorial Fund	15,000	-	-	15,000
The Green Fund	35,383	477	-	35,860
Brenda Hall Bursary Fund	13,611	437	-	14,048
Operating Room Fund	-	10,112	-	10,112
Other	<u>4,340</u>	<u>156</u>	<u>-</u>	<u>4,496</u>
	2,974,584	201,094	351,878	3,527,556
	\$ 4,427,611	\$ 626,176	\$ -	\$ 5,053,787

The accompanying notes are an integral part of these financial statements.

**CARLETON PLACE AND DISTRICT
MEMORIAL HOSPITAL FOUNDATION**

STATEMENT OF OPERATIONS

For the year ended March 31, 2019

	2019	2018
REVENUE		
Estate bequests and major gifts	\$ 811,828	\$ 135,000
Fundraising and donation programs	308,175	292,278
Investment income	<u>159,740</u>	<u>48,761</u>
	<u>1,279,743</u>	<u>476,039</u>
EXPENDITURES		
Advertising and promotion	2,404	7,318
Bank charges	4,334	2,921
Bursaries	2,500	1,500
Consulting and campaign related expenses	29,116	9,520
Fundraising expenses	26,897	56,490
Office expenses	6,847	2,922
Meetings and training	5,501	3,549
Membership dues	808	608
Professional fees	2,500	2,825
Salaries and benefits	135,179	112,303
Software subscriptions	10,158	1,396
Transfers to other charities	<u>3,314</u>	<u>4,249</u>
	<u>229,558</u>	<u>205,601</u>
OPERATING INCOME	1,050,185	270,438
Transfer to Carleton Place and District Memorial Hospital (note 5)	424,009	86,312
NET REVENUE	\$ 626,176	\$ 184,126

The accompanying notes are an integral part of these financial statements.

**CARLETON PLACE AND DISTRICT
MEMORIAL HOSPITAL FOUNDATION**

STATEMENT OF CASH FLOWS

For the year ended March 31, 2019

	<u>2019</u>	<u>2018</u>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue	\$ 626,176	\$ 184,126
Net change in non-cash working capital items:		
HST receivable	7,594	(6,535)
Prepaid expenses	(2,525)	-
Accounts payable and accrued liabilities	(2,629)	(2,191)
Due to Carleton Place and District Memorial Hospital	<u>46,755</u>	<u>960</u>
	675,371	176,360
INVESTING ACTIVITIES		
Net change in investments, including unrealized gains	<u>(572,630)</u>	<u>(205,929)</u>
CHANGE IN CASH	102,741	(29,569)
CASH - BEGINNING OF YEAR	18,913	48,482
CASH - END OF YEAR	<u>\$ 121,654</u>	<u>\$ 18,913</u>

The accompanying notes are an integral part of these financial statements.

**CARLETON PLACE AND DISTRICT
MEMORIAL HOSPITAL FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

1. PURPOSE OF THE FOUNDATION

The Foundation was incorporated on April 14, 1994 by letters patent under the provisions of the Ontario Corporations Act. As a registered charity, the Foundation is exempt from income tax under subsection 149(1)(f) of the Income Tax Act. The Foundation achieves its mission to enhance patient care at the Carleton Place and District Memorial Hospital by encouraging philanthropic giving through fundraising along with the prudent management of donor funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The principal accounting policies of the Foundation are summarized as follows:

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

Investments

The Foundation has fixed income and equity investments that are accounted for at market value with changes in the market value being recorded as part of investment income in the Statement of Operations.

Accounting Estimates

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from these estimates.

**CARLETON PLACE AND DISTRICT
MEMORIAL HOSPITAL FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

A substantial number of volunteers contribute a significant amount of their time each year. Due to the difficulty of determining the fair value, contributed services are not recognized in these financial statements.

3. INVESTMENTS

	2019	2018
Cash and cash equivalents	\$ 1,200,781	\$ 143,574
Fixed income	1,413,705	1,804,923
Equities	1,733,055	1,826,414
	\$ 4,347,541	\$ 3,774,911

4. RESTRICTION ON NET ASSETS

The MacFarlane Trust and Clifford Memorial Fund are subject to external restrictions that define the minimum capital requirements. The income earned on these funds is unrestricted.

The MacFarlane Trust is subject to external restrictions that define a minimum capital requirement of \$640,000, as well as an internal restriction of \$360,000.

The Green Fund is subject to external restrictions that define the minimum capital requirement until January of 2022. After January of 2022, the balance in The Green Fund will become unrestricted.

The Jean Fyfe Memorial Fund is restricted to certain equipment.

The Comprehensive Capital Campaign fund was created to manage and account for donations directed towards the construction of a new emergency department and the purchase of specific patient care equipment. The Foundation has committed to provide the Hospital with \$3,000,000 over a five year period ending in 2023 to help fund these endeavours.

**CARLETON PLACE AND DISTRICT
MEMORIAL HOSPITAL FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

4. RESTRICTION ON NET ASSETS (continued)

The Legacy Fund was created by the Board of Directors and is subject to internal restrictions only. Realized income earned on the fund is unrestricted. The purpose of the Legacy Fund is to build a reserve for any future major renovations/expansion to the physical structure of the Hospital, including equipment and other expenditures specifically related to a renovation/expansion. Any future bequests received by the Foundation, unless specified by the donor, will be directed to the Legacy Fund. In addition, any parking revenue transferred from the Hospital to the Foundation will be directed to this fund. The accumulated capital will be held in reserve and will be invested in accordance with the Board's investment guidelines.

The Brenda Hall Bursary Fund is subject to external restrictions that define the minimum capital requirement. Any income earned by the fund must be used for the sole purpose of providing an annual bursary to a graduating student of Carleton Place High School and Notre Dame Catholic High School who has been accepted into a nursing or related post-secondary education program.

The Operating Room Fund is subject to external restrictions and must be used for the sole purpose of renovations to the operating room and PACU.

The income earned on the Foundation's restricted funds is allocated to the respective fund in the statement of changes in net assets.

**CARLETON PLACE AND DISTRICT
MEMORIAL HOSPITAL FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

5. TRANSFER TO CARLETON PLACE AND DISTRICT MEMORIAL HOSPITAL

The transfer of funds is for the following purposes:

	2019
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<u>Capital Equipment</u>	
Operating Room:	
Video gastroscope	\$ 23,452
LED headlight	5,000
Radiology:	
PACS upgrade	10,000
Emergency:	
Heart monitors	169,056
Stretcher	6,215
Medifusion pump	3,964
CSR:	
Ultrasonic washer	22,854
Ambulatory Care:	
Vital sign machines	7,484
Medical/Surgical:	
Heart monitors	135,944
Tornado flusher disinfectant	12,000
Vital sign machines	3,742
Shower chair	10,012
Flex active lift with weigh scale	8,096
Physiotherapy:	
NEO therapy system	6,190
	<hr/>
	\$ 424,009
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**CARLETON PLACE AND DISTRICT
MEMORIAL HOSPITAL FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

6. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, investments, and accounts payable and accrued liabilities. It is Management's opinion that, unless otherwise stated, the fair value of these instruments is not materially different than their cost and that the Foundation is not exposed to significant interest rate, market or credit risk.

Interest Risk

The Foundation's fixed income investments have fixed interest rates. The fair value of these instruments fluctuates with changes in market rates of interest.

Market Risk

The Foundation's equity investments in publicly traded securities exposes the Foundation to market risks as equity investments are subject to price changes in an open market.