

Financial Statements of

**ORILLIA SOLDIERS' MEMORIAL  
HOSPITAL FOUNDATION**

Year ended March 31, 2018



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## **INDEPENDENT AUDITORS' REPORT**

To the Members of the Board of Directors of  
Orillia Soldiers' Memorial Hospital Foundation

We have audited the accompanying financial statements of Orillia Soldiers' Memorial Hospital Foundation, which comprise the statement of financial position as at March 31, 2018, 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 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, these financial statements present fairly, in all material respects, the financial position of the Orillia Soldiers' Memorial 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 accounting standards for not-for-profit organizations.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 4, 2018

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

## Statement of Financial Position

March 31, 2018, with comparative information for 2017

	General Fund	Restricted Fund	Endowment Funds	2018	2017
<b>Assets</b>					
Cash (note 2)	\$ 826,309	-	26,215	852,524	417,193
Accounts receivable	1,224,577	-	-	1,224,577	206,798
Prepaid expenses	16,785	-	-	16,785	17,906
	2,067,671	-	26,215	2,093,886	641,897
Investments (note 3)	2,704,982	-	1,781,097	4,486,079	5,408,316
Capital assets (note 4)	498,419	-	-	498,419	514,041
Due (to) from general fund	(2,212,692)	2,212,692	-	-	-
	\$ 3,058,380	2,212,692	1,807,312	7,078,384	6,564,254

## Liabilities and Fund Balances

### Current liabilities:

Accounts payable and accrued liabilities	\$ 5,400	-	-	5,400	16,475
Deferred revenue	55,657	-	-	55,657	95,588
Payable to Orillia Soldiers' Memorial Hospital (note 5)	1,454,318	-	-	1,454,318	1,617,729
	1,515,375	-	-	1,515,375	1,729,792

### Fund balances:

Externally restricted	-	2,212,692	1,807,312	4,020,004	3,976,339
Unrestricted	1,543,005	-	-	1,543,005	858,123
	1,543,005	2,212,692	1,807,312	5,563,009	4,834,462

	\$ 3,058,380	2,212,692	1,807,312	7,078,384	6,564,254
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See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2018, with comparative information for 2017

	2018		2017		Endowment Funds						2018	2017
	General Fund		Restricted Fund		Education		Family Practice		Designated		Total	Total
<b>Revenue:</b>												
Donations	\$ 640,953	731,496	2,556,347	1,207,764	37,908	6,880	-	-	40	2,480	3,235,248	1,948,620
Bequests	516,656	5,000	-	-	-	-	-	-	-	542,246	516,656	547,246
Investment income	71,765	95,421	-	-	7,982	98,571	636	7,708	4,301	39,490	84,684	241,190
Special events	234,971	220,799	-	-	-	-	-	-	-	-	234,971	220,799
Rental income	24,326	23,026	-	-	-	-	-	-	-	-	24,326	23,026
	1,488,671	1,075,742	2,556,347	1,207,764	45,890	105,451	636	7,708	4,341	584,216	4,095,885	2,980,881
<b>Expenses:</b>												
General and office	14,564	16,601	-	-	-	-	-	-	-	-	14,564	16,601
Administration	-	-	-	15,645	6,243	6,001	490	469	3,391	2,496	10,124	24,611
Promotion, advertising and marketing	30,476	40,137	-	-	-	-	-	-	-	-	30,476	40,137
Insurance	7,332	7,179	-	-	-	-	-	-	-	-	7,332	7,179
Legal, accounting and professional fees	35,696	29,392	-	-	-	-	-	-	-	-	35,696	29,392
Meeting, education, dues and travel	22,019	22,073	-	-	-	-	-	-	-	-	22,019	22,073
Wages and benefits	631,202	491,265	-	-	-	-	-	-	-	-	631,202	491,265
Campaign	30,277	41,092	-	-	-	-	-	-	-	-	30,277	41,092
Property and occupancy	21,210	20,909	-	-	-	-	-	-	-	-	21,210	20,909
Special events	76,609	67,037	-	-	-	-	-	-	-	-	76,609	67,037
Direct mail	47,174	44,142	-	-	-	-	-	-	-	-	47,174	44,142
Donations - other	24,814	18,467	12,500	10,000	-	-	-	-	-	-	37,314	28,467
Amortization of capital assets	24,369	29,522	-	-	-	-	-	-	-	-	24,369	29,522
	965,742	827,816	12,500	25,645	6,243	6,001	490	469	3,391	2,496	988,366	862,427
Transfer to Orillia Soldiers' Memorial Hospital	(425,194)	(98,651)	(1,887,886)	(2,933,855)	(15,727)	(2,881)	-	-	-	-	(2,328,807)	(3,035,387)
Transfer to other charity	(50,000)	-	-	-	-	-	-	-	-	-	(50,000)	-
Loss on disposal of capital assets	(165)	-	-	-	-	-	-	-	-	-	(165)	-
Excess (deficiency) of revenue over expenses	47,570	149,275	655,961	(1,751,736)	23,920	96,569	146	7,239	950	581,720	728,547	(916,933)
Fund balances, beginning of year	858,123	767,585	2,178,316	3,874,915	1,109,212	1,011,443	87,503	79,064	601,308	18,388	4,834,462	5,751,395
Interfund transfers	637,312	(58,737)	(621,585)	55,137	(11,479)	1,200	312	1,200	(4,560)	1,200	-	-
Fund balances, end of year	\$ 1,543,005	858,123	2,212,692	2,178,316	1,121,653	1,109,212	87,961	87,503	597,698	601,308	5,563,009	4,834,462

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 728,547	(916,933)
Adjustments for:		
Loss on disposal of capital assets	165	-
Amortization of capital assets	24,369	29,522
Unrealized gain on investments	(5,173)	(56,875)
	747,908	(944,286)
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	(1,017,779)	(185,347)
Decrease (increase) in prepaid expenses	1,121	(5,508)
Increase (decrease) in accounts payable and accrued liabilities	(11,075)	5,943
Increase (decrease) in deferred revenue	(39,931)	66,973
Increase (decrease) in payable to Orillia Soldiers' Memorial Hospital	(163,411)	899,713
	(483,167)	(162,512)
Investing activities:		
Decrease in investments	927,410	152,184
Purchase of capital assets	(8,912)	-
	918,498	152,184
Net increase (decrease) in cash	435,331	(10,328)
Cash position, beginning of year	417,193	427,521
Cash position, end of year	\$ 852,524	417,193

See accompanying notes to financial statements.

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2018

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The Orillia Soldiers' Memorial Hospital Foundation (the "Foundation") was incorporated without share capital under the laws of Ontario. The Foundation is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act are met.

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

## 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting. The Foundation's significant accounting policies are as follows:

### (a) Basis of presentation:

In order to ensure observance and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of fund accounting.

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

The Restricted Fund reports resources that are to be used for designated purposes specified by the donor.

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund is reported as income of the Fund.

- (i) The Education Endowment Fund has been established to support staff, physician and general education for Orillia Soldiers' Memorial Hospital. The education endowment categories are the Linda Lewis, Brian McGugan, Michael "Keyman" McParland, Sheila MacFeeters and general use.
- (ii) The Dr. A. Charles Baillie & Mr. Wm. A. Hume Family Practice Fund has been established for the purpose of supporting physician recruitment.
- (iii) The Designated Endowment Fund has been established to support various programs within the hospital such as the teddy bear fund.

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2018

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## 1. Significant accounting policies (continued):

### (b) Revenue recognition:

The financial statements are prepared according to the restricted fund method of accounting. Under this method, the following principles have been applied.

- Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the donor.
- Contributions including pledges and donations are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.
- In-kind donations are recorded at their appraised value.

### (c) Contributed services:

Contributions of services are not recognized in the financial statements.

### (d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are amortized on a straight-line basis over their estimated useful life as follows:

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	Estimated Useful Lives - Years
Buildings	25
Computer equipment	3
Computer software	2
Furniture and equipment	10

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### (e) Use of estimates:

The preparation of the 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 date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates. These estimates are reviewed annually, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.



# ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2018

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## 1. Significant accounting policies (continued):

### (f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and 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 elected to carry its investments at fair value. Fair value is determined at quoted market prices.

Sales and purchases of financial instruments are recorded on the settlement date. Transaction costs incurred on the acquisition of financial instruments are expensed as incurred.

## 2. Cash:

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

## 3. Investments:

Investments consist of:

	2018		2017	
	Cost	Market Value	Cost	Market Value
Guaranteed investment certificates	\$ 2,140,557	2,141,080	2,707,565	2,708,090
Equity	2,319,600	2,324,250	2,614,673	2,671,024
Cash	—	—	539	539
Accrued interest	20,749	20,749	28,663	28,663
	\$ 4,480,906	4,486,079	5,351,440	5,408,316

The guaranteed investment certificates earn interest at rates ranging from 0.75% to 2.77% and mature between 2018 and 2019.

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

## Notes to Financial Statements

Year ended March 31, 2018

### 4. Capital assets:

	2018		
	Cost	Accumulated amortization	Net book value
Land	\$ 175,000	\$ –	\$ 175,000
Buildings	452,685	144,135	308,550
Computer equipment	44,066	43,100	966
Furniture and equipment	30,494	16,591	13,903
Computer software	21,798	21,798	–
	<u>\$ 724,043</u>	<u>\$ 225,624</u>	<u>\$ 498,419</u>

  

	2017		
	Cost	Accumulated amortization	Net book value
Land	\$ 175,000	\$ –	\$ 175,000
Buildings	443,774	125,938	317,836
Computer equipment	45,895	41,489	4,406
Furniture and equipment	30,494	13,695	16,799
Computer software	21,798	21,798	–
	<u>\$ 716,961</u>	<u>\$ 202,920</u>	<u>\$ 514,041</u>

### 5. Related party transactions:

The Foundation receives and maintains funds to provide for education, research and the enhancements of facilities and services at Orillia Soldiers' Memorial Hospital. During the year, the Foundation transferred \$2,328,807 (2017 - \$3,035,387) to the Orillia Soldiers' Memorial Hospital.

At year end, there was a balance of \$1,454,318 (2017 - \$1,617,729) due to Orillia Soldiers' Memorial Hospital.

The Foundation provides the Orillia Soldiers' Memorial Hospital with office space and equipment free of charge. The fair market value of such space is \$21,126 (2017 - \$21,126).

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2018

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## 6. Financial risk and concentration of risk:

### (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk with respect to the accounts receivable. The Foundation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

### (b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2017.

### (c) Interest rate risk:

The Foundation is not exposed to any significant interest rate risk.

## 7. Capital disclosures:

The Foundation considers its capital to be its fund balances, including general, restricted and endowment fund balances. The Foundation receives externally restricted donations from numerous donors to be used for specific purposes. These funds are maintained and disbursed under the terms of the relevant funding restrictions and management is responsible for adhering to the provisions of these restrictions.

In managing its capital, the Foundation's primary objective is to fundraise in support of Orillia Soldiers' Memorial Hospital in order to safeguard its ability to continue as a going concern so it can continue to fulfill its mandate. The Foundation has developed specific investment policies to maintain its capital based on the intended purpose of the funds. In addition, annual budgets are developed and monitored to ensure the capital of the Foundation is maintained at an appropriate level.