

*Oakville Hospital Foundation
Financial Statements
For the year ended March 31, 2014*

Oakville Hospital Foundation
Financial Statements
For the year ended March 31, 2014

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Comments from the Chair of the Finance, Risk, Audit and Investment Committee & the Chief Executive Officer

Thanks to the incredible generosity of our donor community, and the tireless work of our volunteers and staff, the Oakville Hospital Foundation ended the 2013/14 fiscal year with:

- ✓ Our highest ever fundraising results of \$16.8 million
- ✓ Our lowest ever expense ratio of 15%

These funds were raised through a variety of means including major gifts, direct mail, staff and physician appeal, our special events (Golf Tournament, Candlelight Ball, Sunset Cinema) and support from more than 80 Community Partners.

Including investment income of \$1.7 million, we had \$15.7 million net revenue available to fund immediate priority needs of \$2.9 million including laboratory equipment, tuition support, our mental health navigator program and information technologies. The remainder will be directed to the imminent equipping of the new Oakville Hospital, opening next year.

We are grateful for the many individuals and organizations we partner with in the community. Our success, and the Hospital's, can only be achieved with your support.

We are extremely grateful as well to our Board members, Campaign volunteers and community ambassadors whose leadership ensures our mission is front of mind in the community.

Thank you.

A handwritten signature in black ink that reads "Doug Gray".

Doug Gray
Chair, Finance, Risk, Audit & Investment Committee

A handwritten signature in black ink that reads "Tina Triano".

Tina Triano
Chief Executive Officer

Independent Auditor's Report

To the Members of Oakville Hospital Foundation

We have audited the accompanying financial statements of Oakville Hospital Foundation, which comprise the statement of financial position as at March 31, 2014 and the statement of changes in net assets, operations and cash flows for the year then ended, and 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.

Auditor's 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 audits 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 the auditor's 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, the auditor considers 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 Oakville Hospital Foundation as at March 31, 2014 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.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Mississauga, Ontario
June 10, 2014

Oakville Hospital Foundation
Statement of Financial Position
(expressed in thousands)

As at March 31	2014	2013
ASSETS		
Cash	\$ 6,155	\$ 4,319
Investments (note 2)	22,747	14,195
Accounts receivable and other assets	269	276
Investments for Endowment and Restricted Funds (note 3)	16,626	14,120
Capital Assets (note 5)	14	21
	\$ 45,811	\$ 32,931
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 221	\$ 126
Due to Halton Healthcare Services Corporation (note 12)	360	344
	581	470
Net Assets		
Net assets invested in capital assets (note 5)	14	21
Capital campaign and donor designated funds (note 6)	27,647	17,377
Restricted funds (note 7)	7,666	7,272
Donor restricted endowment fund (note 7)	8,960	6,848
Unrestricted funds	943	943
	45,230	32,461
	\$ 45,811	\$ 32,931

On behalf of the Board of Directors:

_____ Chair

_____ Treasurer

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

Oakville Hospital Foundation
Statement of Changes in Net Assets
(expressed in thousands)

For the year ended

	Invested in Capital Assets	Capital Campaign and Donor Designated Funds	Restricted Funds	Donor Restricted Endowment Fund	Unrestricted Funds	Total
March 31, 2014	(note 5)	(note 6)	(note 7)	(note 7)		
Balance, beginning of year	\$ 21	\$ 17,377	\$ 7,272	\$ 6,848	\$ 943	\$ 32,461
Excess of revenue over expenses for the year	(7)	1,026	(56)	1,370	16,817	19,150
Investment income	-	271	609	977	(1,857)	-
Donations and grants distributed (note 8)	-	(806)	-	-	(5,575)	(6,381)
Allocation to donor designated funds	-	9,779	(159)	(235)	(9,385)	-
Balance, end of year	\$ 14	\$ 27,647	\$ 7,666	\$ 8,960	\$ 943	\$ 45,230

	Invested in Capital Assets	Capital Campaign and Donor Designated Funds	Restricted Funds	Donor Restricted Endowment Fund	Unrestricted Funds	Total
March 31, 2013	(note 5)	(note 6)	(note 7)	(note 7)		
Balance, beginning of year	\$ 27	\$ 14,761	\$ 7,059	\$ 5,774	\$ 943	\$ 28,564
Excess of revenue over expenses for the year	(6)	934	(59)	814	14,374	16,057
Investment income	-	263	415	448	(1,126)	-
Donations and grants distributed (note 8)	-	(205)	-	(21)	(11,934)	(12,160)
Allocation to donor designated funds	-	1,624	(143)	(167)	(1,314)	-
Balance, end of year	\$ 21	\$ 17,377	\$ 7,272	\$ 6,848	\$ 943	\$ 32,461

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

Oakville Hospital Foundation
Statement of Operations
(expressed in thousands)

For the year ended March 31	2014	2013
Revenues		
Fundraising (note 9)	\$ 16,809	\$ 14,444
Ancillary revenues, net of expenses (note 10)	3,454	3,457
	20,263	17,901
Expenses		
Fundraising	2,815	2,834
	17,448	15,067
Excess of revenues over expenses before investment income	17,448	15,067
Investment income (note 4)	1,702	990
Excess of revenues over expenses for the year	\$ 19,150	\$ 16,057

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

Oakville Hospital Foundation

Statement of Cash Flows

(expressed in thousands)

For the year ended March 31	2014	2013
Cash flows from operating activities		
Excess of revenues over expenses	\$ 19,150	\$ 16,057
Adjustment for items not affecting cash		
Amortization of capital assets	7	6
Changes in non-cash working capital items		
Accounts receivable and other assets	7	(21)
Accounts payable and accrued liabilities	95	46
Due to Halton Healthcare Services Corporation	16	(2,473)
	<u>19,275</u>	<u>13,615</u>
Cash flows from investing and financing activities		
Increase in investments	(8,552)	(4,182)
Donations and grants distributed	(6,381)	(12,139)
Donations and grants distributed from Endowments	-	(21)
Net increase in investments for Endowment and Restricted Funds	(2,506)	(1,287)
	<u>(17,439)</u>	<u>(17,629)</u>
Increase (decrease) in cash during the year	1,836	(4,014)
Cash, beginning of year	4,319	8,333
Cash, end of year	\$ 6,155	\$ 4,319

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

Oakville Hospital Foundation
Notes to Financial Statements

March 31, 2014

1. Nature of Operations and Summary of Significant Accounting Policies

Nature and Purpose of Organization

The Oakville Hospital Foundation ("Foundation"), formerly the OTMH Charitable Corporation, is related to the Halton Healthcare Services Corporation ("HHS"). According to the Foundation's by-laws, all resources of the Foundation must be provided to or used for the benefit of the Oakville site of HHS. The net revenues from fundraising activities support the purchase of equipment. The Foundation is incorporated, without share capital, under the Canada Corporations Act and is a registered charity under the Income Tax Act and, as such, is exempt from income taxes.

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. All donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Parking and Work-Fit Total Therapy revenues are recognized when the service is provided. Investment income is recognized when earned.

Contributed Services

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

Investments

Investments are recorded at fair value and the net increase or decrease in the year is recorded as income. The income consists of both investment income that is received and any unrealized increase or decrease in the fair value of these investments. The investments are managed in accordance with the Foundation's Statement of Investment Objectives and Policies.

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. When a capital asset no longer contributes to the Foundation's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over a period ranging from five to ten years.

Internally Restricted Funds

The capital base is invested and intended to be held in perpetuity. Investment earnings and capital are available for use by the Foundation, at the discretion of the Foundation's Board of Directors.

Externally Restricted Fund

The externally restricted fund is held by the Foundation and can only be disbursed upon approval of the Board of Directors of HHS.

Oakville Hospital Foundation
Notes to Financial Statements

March 31, 2014

1. Nature of Operations and Summary of Significant Accounting Policies
(continued)

Donor Designated Funds

The donor designated funds are to be used for specific purposes as specified by the donor.

**Donor Restricted
Endowment Fund**

The fund balance represents separate donor restricted endowment funds. The capital base is invested and intended to be held in perpetuity. Investment income is available for distribution at the discretion of the Foundation's Board of Directors, and in accordance with the donors instructions.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, investments and investments for endowment and donor restricted endowment are reported at fair value, 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 that asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instruments for those measured at amortized cost. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks.

Risks arising from financial instruments

Market risk

The Foundation is subject to market risk with respect to its investments. The values of these investments will fluctuate as a result of changes in market prices, interest rate changes, foreign exchange changes and credit risk changes affecting the value of the investments. The Finance, Risk, Audit and Investment ("FRAI") Committee of the Foundation Board oversees and manages market risk in accordance with the Foundation's Statement of Investment Objectives and Policies.

Oakville Hospital Foundation
Notes to Financial Statements
(expressed in thousands)

For the year ended March 31, 2014

2. Investments	2014		2013	
Cash and short-term investments	\$	22,747	\$	14,104
Income Funds		-		60
Balanced Funds		-		31
	\$	22,747	\$	14,195

Cash and short term investments consist of cash on hand and investments in money market instruments. These investments are overseen by the FRAI Committee of the Foundation's Board and subject to adherence to the Short Term Investment Policies and Procedures.

3. Investments for Endowment and Restricted Funds

	2014		2013	
Cash and short-term investments	\$	4,268	\$	1,090
Fixed Income Funds		4,065		6,816
Balanced Funds		-		57
Equity Funds - Canadian		4,131		2,975
Equity Funds - Global		4,162		3,182
	\$	16,626	\$	14,120

Funds are invested in various fixed income and equity funds. All funds are managed by third party investment managers. The Foundation holds funds in the Oakville Community Foundation ("OCF") pooled fund. Of the \$16,626, the amount held by OCF at March 31, 2014 was \$13,661 (2013 - \$11,208). These investments are overseen by the FRAI Committee of the Foundation's Board and subject to adherence to the Long Term Investment Policies and Procedures.

4. Investment Income	2014		2013	
Investment income	\$	1,857	\$	1,126
Investment expenses		(155)		(136)
Net income from investments	\$	1,702	\$	990

5. Capital Assets	2014		2013	
Equipment	\$	189	\$	189
Accumulated amortization		(175)		(168)
Net book value	\$	14	\$	21

Oakville Hospital Foundation
Notes to Financial Statements

(expressed in thousands)

For the year ended March 31, 2014

6. Capital Campaign and Donor Designated Funds	2014	2013
New Oakville Hospital Campaign, net	\$ 25,289	\$ 15,226
Donor Designated Funds	<u>2,358</u>	<u>2,151</u>
	<u>\$ 27,647</u>	<u>\$ 17,377</u>

Represented by cash of \$4,900 (2013 - \$3,182) and Investments of \$22,747 (2013 - \$14,195) (note 2).

7. Endowment and Restricted Funds

The Foundation has reported all investment income and undesignated donations and bequests in the Statement of Operations. In accordance with the Foundation's Statement of Investment Objectives and Policies, \$609 of investment income (2013 - \$415) has been included in the Internally Restricted Fund. The Endowment and Restricted Funds are largely held in the Oakville Community Foundation ("OCF") pooled fund and the spending policy of OCF has therefore been adopted. The policy includes a provision to retain in the Donor Restricted Endowment and Internally Restricted Funds, for operating and granting purposes, investment income which typically grants at 3.5% annually. Additionally, the Foundation is the recipient of investment income from OCF fundholders, disbursements from which are reflected in the appropriate income and expense categories in the year they are received and disbursed.

The approval of the Board of Directors of the Halton Healthcare Services Corporation is required to disburse the original transfer from Oakville-Trafalgar Memorial Hospital Association of externally restricted funds in the amount of \$2,753. Subsequent to year end these funds were disbursed to Halton Healthcare Services Corporation. The internally restricted funds can only be disbursed upon approval by the Board of Directors of the Oakville Hospital Foundation.

	Externally Restricted	Internally Restricted	Donor Restricted Endowment	Total 2014 (note 3)	Total 2013
Balance, beginning of year	\$ 2,753	\$ 4,519	\$ 6,848	\$ 14,120	\$ 12,833
Donations and bequests	-	5	1,464	1,469	891
Investment income	-	609	977	1,586	863
Investment expenses	-	(61)	(94)	(155)	(136)
Donations and grants distributed	-	-	-	-	(21)
Allocation to unrestricted net assets	-	(159)	(181)	(340)	(278)
Allocation to donor restricted funds	-	-	(54)	(54)	(32)
	<u>-</u>	<u>394</u>	<u>2,112</u>	<u>2,506</u>	<u>1,287</u>
Balance, end of year	<u>\$ 2,753</u>	<u>\$ 4,913</u>	<u>\$ 8,960</u>	<u>\$ 16,626</u>	<u>\$ 14,120</u>

Oakville Hospital Foundation
Notes to Financial Statements

(expressed in thousands)

For the year ended March 31, 2014

8. Donations and Grants Distributed	2014	2013
Annual grant	\$ 2,121	\$ 8,477
Donor designated funds	806	205
Donor restricted endowment funds	-	21
Parking, Work-Fit Total Therapy	3,454	3,457
	\$ 6,381	\$ 12,160

9. Fundraising Revenue	2014	2013
Unrestricted donations and revenue from fundraising	\$ 14,314	\$ 12,619
Donor restricted endowment	1,464	887
Internally restricted	5	4
Donor designated	1,026	934
	\$ 16,809	\$ 14,444

10. Ancillary Revenues	2014	2013
Revenues		
Parking operations	\$ 3,783	\$ 3,787
Work-Fit Total Therapy Centre	850	775
Total Revenues	4,633	4,562
Expenses		
Parking operations	437	454
Work-Fit Total Therapy Centre	742	651
Total Expenses	1,179	1,105
Net Ancillary Revenue	\$ 3,454	\$ 3,457

Oakville Hospital Foundation
Notes to Financial Statements
(expressed in thousands)

For the year ended March 31, 2014

11. Commitments

The Foundation made a commitment to grant \$98,300 to HHS for equipment purchases for the New Oakville Hospital. At March 31, 2014, \$16,066 (2013 - \$13,945) has been granted to date.

12. Due to Halton Healthcare Services Corporation

During the year ended March 31, 2014, the Foundation had several transactions with HHS. These transactions are in the normal course of operations and include reimbursements of funds disbursed on the Foundation's behalf. These amounts are repaid on a cost recovery basis.

The amount due to HHS is non-interest bearing and will be repaid subsequent to year-end.