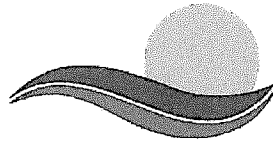


*Oakville Hospital Foundation
Financial Statements
For the year ended March 31, 2018*

Oakville Hospital Foundation
Financial Statements
For the year ended March 31, 2018

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Oakville
Hospital
Foundation

Comments from the Chair of the FRAI Committee & the Chief Executive Officer

The Oakville Hospital Foundation ended the 2017/18 fiscal year with total fundraising revenue of \$10,715,494, thanks to the ongoing generosity of our donor community, and the dedication of our volunteers and staff. We also realized \$958,126 of net investment income resulting in net revenue (after expenses) of \$8,872,211, before ancillary revenues.

This fiscal year, 8,668 donors contributed to our fundraising programs which consist of major gifts, direct mail, telemarketing, a staff and physician appeal, special events, tribute giving and community partner events. As a result, the Foundation was delighted to transfer \$8,437,186 in donated funds and \$19,009 in ancillary net revenue to Oakville Trafalgar Memorial Hospital in fiscal year 2017/18. Of this amount, \$994,415 was designated outside of the equipment list and the remainder funded equipment.

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

Thank you,

Betty Ann Jarrett, CPA, CA
Chair, Finance, Risk, Audit & Investment Committee
Oakville Hospital Foundation

Mary McPherson, CFRE
Chief Executive Officer
Oakville Hospital Foundation



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BDO Canada LLP
1 City Centre Drive, Suite 1700
Mississauga ON L5B 1M2 Canada

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, 2018, and the statements 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 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 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 Foundation'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 Foundation'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, 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.


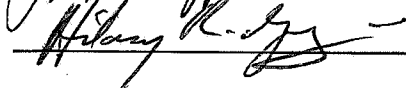
BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
June 7, 2018

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

As at March 31	2018	2017
ASSETS		
Cash	\$ 5,854	\$ 6,149
Accounts receivable and other assets	97	164
Investments for Endowment and Restricted Funds (note 2)	16,458	15,688
	\$ 22,409	\$ 22,001
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 158	\$ 155
Due to Halton Healthcare Services Corporation (note 10)	348	377
	506	532
Net Assets		
Capital and donor designated funds (note 4)	4,502	4,838
Internally restricted funds (note 6)	5,036	4,920
Donor restricted endowment fund (note 6)	11,422	10,768
Unrestricted funds	943	943
	21,903	21,469
	\$ 22,409	\$ 22,001

On behalf of the Board of Directors:

 <hr style="border: 0.5px solid black;"/>	Chair
 <hr style="border: 0.5px solid black;"/>	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 and Donor Designated Funds				Total
		(note 4)	(note 6)	Internally Restricted Funds	Donor Restricted Endowment Fund	
March 31, 2018						
Balance, beginning of year	\$ -	\$ 4,838	\$ 4,920	\$ 10,768	\$ 943	\$ 21,469
Excess (deficiency) of revenues over expenses for the year	-	631	(50)	119	8,191	8,891
Investment income	-	27	344	754	(1,125)	-
Donations and grants distributed (note 7)	-	(994)	-	-	(7,066)	(8,060)
Grants from donor designated funds (note 7)	-	-	(178)	(219)	-	(397)
Balance, end of year	\$ -	\$ 4,502	\$ 5,036	\$ 11,422	\$ 943	\$ 21,903

	Invested in Capital Assets	Capital and Donor Designated Funds				Total
		(note 4)	(note 6)	Internally Restricted Funds	Donor Restricted Endowment Fund	
March 31, 2017						
Balance, beginning of year	\$ 4	\$ 3,923	\$ 4,807	\$ 9,990	\$ 943	\$ 19,667
Excess (deficiency) of revenue over expenses for the year	(4)	1,664	(59)	16	9,153	10,770
Investment income	-	6	652	1,361	(2,019)	-
Donations and grants distributed (note 7)	-	(755)	-	(39)	(7,134)	(7,928)
Grants from donor designated funds (note 7)	-	-	(480)	(560)	-	(1,040)
Balance, end of year	\$ -	\$ 4,838	\$ 4,920	\$ 10,768	\$ 943	\$ 21,469

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	2018	2017
Revenues		
Fundraising (note 5)	\$ 10,715	\$ 11,483
Ancillary revenues, net of expenses (note 8)	19	149
	10,734	11,632
Expenses		
Fundraising	2,801	2,698
Excess of revenues over expenses before investment income	7,933	8,934
Investment income (note 3)	958	1,836
Excess of revenues over expenses for the year	\$ 8,891	\$ 10,770

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	2018	2017
Cash flows from operating activities		
Excess of revenues over expenses	\$ 8,891	\$ 10,770
Adjustment for items not affecting cash		
Amortization of capital assets	-	4
Changes in non-cash working capital items		
Accounts receivable and other assets	67	457
Accounts payable and accrued liabilities	3	(279)
Due to Halton Healthcare Services Corporation	(29)	9
Sub-total cash flows from operating activities	8,932	10,961
Cash flows from investing and financing activities		
Donations and grants distributed	(8,457)	(8,968)
Net decrease in investments for Endowment and Restricted Funds	(770)	(891)
Sub-total cash flows from investing and financing activities	(9,227)	(9,859)
(Decrease) increase in cash during the year	(295)	1,102
Cash, beginning of year	6,149	5,047
Cash, end of year	\$ 5,854	\$ 6,149

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

Oakville Hospital Foundation
Notes to Financial Statements

March 31, 2018

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 ("HHSC"). 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 HHSC. The net revenues from fundraising activities support the purchase of equipment and technology. 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 restricted fund 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.

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 Investment Policies and Guidelines.

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.

Oakville Hospital Foundation
Notes to Financial Statements

March 31, 2018

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

Capital and Donor Designated Funds

The capital and 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 the 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 Investment Policies and Guidelines. These risks have not changed from the prior year.

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

For the year ended March 31, 2018

2. Investments for Endowment and Restricted Funds

	2018	2017
Cash and short-term investments	\$ -	\$ 1,074
Fixed income funds - traditional	1,596	4,226
Fixed income funds - Non-Traditional	5,755	-
Equity funds - Canadian	4,321	3,756
Equity funds - Global	4,786	6,632
	\$ 16,458	\$ 15,688

Funds are invested in various fixed income and equity funds. All funds are managed by third party investment managers. Non-traditional funds include pooled funds investing in diversified lending, infrastructure and real estate. The Foundation holds funds in the Oakville Community Foundation ("OCF") pooled fund. At March 31, 2018, all the funds were held by the OCF. These investments are overseen by the FRAI Committee of the Foundation's Board and subject to adherence to the Foundation's Investment Policies and Guidelines.

3. Investment Income

	2018	2017
Investment income	\$ 1,125	\$ 2,019
Investment expenses	(167)	(183)
Net income from investments	\$ 958	\$ 1,836

4. Capital and Donor Designated Funds

	2018	2017
New Oakville Hospital Capital, net	\$ 1,237	\$ 1,713
Donor Designated Funds	3,265	3,125
	\$ 4,502	\$ 4,838

Represented by cash of \$4,502 (2017 - \$4,838).

5. Fundraising Revenue

	2018	2017
Unrestricted donations and revenue from fundraising	\$ 9,345	\$ 9,917
Donor restricted endowment	236	140
Donor designated	1,134	1,426
	\$ 10,715	\$ 11,483

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

For the year ended March 31, 2018

6. 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 Investment Policies and Guidelines, \$344 of investment income (2017 - \$652) has been included in the Internally Restricted Fund. The Endowment and Restricted Funds are 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.

	Internally Restricted	Donor Restricted Endowment	Total 2018	Total 2017
Balance, beginning of year	\$ 4,920	\$ 10,768	\$ 15,688	\$ 14,797
Donations and bequests	2	270	272	140
Investment income	344	754	1,098	2,013
Investment expenses	(52)	(115)	(167)	(183)
Disbursed to New Oakville Hospital Capital	(178)	(255)	(433)	(1,079)
	<u>116</u>	<u>654</u>	<u>770</u>	<u>891</u>
Balance, end of year	\$ 5,036	\$ 11,422	\$ 16,458	\$ 15,688

7. Donations and Grants Distributed

	2018	2017
New Oakville Hospital Capital	\$ 7,444	\$ 8,025
Donor designated funds	994	755
Donor restricted endowment funds	-	39
Work-Fit Total Therapy	19	149
	<u>\$ 8,457</u>	<u>\$ 8,968</u>

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

For the year ended March 31, 2018

8. Ancillary Revenues	2018	2017
Revenues		
Work-Fit Total Therapy Centre	\$ 110	\$ 617
Work-Fit Total Therapy Centre - Ontario Ministry of Health and Long-term Care	97	637
Total Revenues	<u>207</u>	<u>1,254</u>
Expenses		
Work-Fit Total Therapy Centre	<u>188</u>	<u>1,105</u>
Net Ancillary Revenue	<u>\$ 19</u>	<u>\$ 149</u>

Effective June 1, 2017, all revenues and expenses associated with the Work-Fit Total Therapy Centre within the Foundation were transferred to the Oakville Hospital Volunteer Association. As such they meet the definition of discontinued operations and are only reflected in the Foundation's records to the date of transfer. Revenue and expenses associated with the Work-Fit program will be \$nil in fiscal 2019.

9. Commitments

The Foundation made a commitment to grant \$97,300 to HHSC for equipment purchases for the New Oakville Hospital. At March 31, 2018, \$78,758 (2017 - \$71,315) has been granted.

10. Due to Halton Healthcare Services Corporation

During the year ended March 31, 2018, the Foundation had several transactions with HHSC. 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 HHSC is non-interest bearing and will be repaid subsequent to year-end.