

Financial Statements of

**KINGSTON GENERAL HOSPITAL
AUXILIARY**

Year ended March 31, 2019

KINGSTON GENERAL HOSPITAL AUXILIARY

Financial Statements

Year ended March 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Directors of Kingston General Hospital Auxiliary

Opinion

We have audited the financial statements of Kingston General Hospital Auxiliary (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2019
- the statements of receipts, disbursements and surplus for the general fund, café, gift shop, memorial fund, lottery booth, HELPP, and teddy bear fund for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Entity'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 the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 auditors' 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 auditors' 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.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 10, 2019

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	\$ 390,527	\$ 283,813
Accounts receivable	3,352	8,364
Inventories	125,461	121,021
Prepaid expenses	6,797	3,101
	<u>526,137</u>	<u>416,299</u>
Loan receivable from Kingston Health Sciences Centre at KGH (note 2)	265,000	550,000
	<u>\$ 791,137</u>	<u>\$ 966,299</u>

Liabilities, Reserve and Surplus

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 44,789	\$ 45,727
Capital reserve - Café	–	250,000
Surplus	746,348	670,572
	<u>\$ 791,137</u>	<u>\$ 966,299</u>

See accompanying notes to financial statements.

Approved on behalf of the Board

Director

Director

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus

Year ended March 31, 2019, with comparative information for 2018

								2019	2018
	General Fund	Café	Gift Shop	Memorial Fund	Lottery Booth	HELPP	Teddy Bear Fund	Total	Total
Receipts:									
Revenue	\$ 37,211	\$ 1,394,730	\$ 855,353	\$ 220	\$ 23,414	\$ 5,033	\$ 37,062	\$ 2,353,023	\$ 2,103,656
Cash transfers	485,000	–	–	–	–	–	–	485,000	439,000
	522,211	1,394,730	855,353	220	23,414	5,033	37,062	2,838,023	2,542,656
Disbursements:									
Expenses	80,467	1,365,241	629,881	–	2,825	2,892	3,240	2,084,546	1,580,026
Cash transfers	–	250,000	215,000	–	20,000	–	–	485,000	439,000
Donations to Kingston Health Sciences Centre at KGH (note 2)	404,701	–	–	10,000	–	8,000	20,000	442,701	395,901
	485,168	1,615,241	844,881	10,000	22,825	10,892	23,240	3,012,247	2,414,927
Excess of receipts over disbursements (disbursements over receipts)	37,043	(220,511)	10,472	(9,780)	589	(5,859)	13,822	(174,224)	127,729
Surplus, beginning of year	474,928	24,406	131,034	10,347	15,017	10,132	4,708	670,572	647,843
Transfer from capital reserve - Café	–	250,000	–	–	–	–	–	250,000	(105,000)
Surplus, end of year	\$ 511,971	\$ 53,895	\$ 141,506	\$ 567	\$ 15,606	\$ 4,273	\$ 18,530	\$ 746,348	\$ 670,572

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - General Fund

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Receipts:		
Millennium Fundraising	\$ 5,287	\$ 1,927
Hair care salon	12,224	12,637
Special projects, net	7,021	4,813
Interest on investments	5,276	7,493
Membership fees	1,480	1,435
Donations - general	3,086	3,935
Donations - Family Services	2,837	3,769
	<hr/> 37,211	<hr/> 36,009
Disbursements:		
Salaries	42,604	41,529
Hair care salon	11,906	11,224
Travel - conventions and seminars	4,442	3,156
Service charges	4,604	3,562
Parking donation	2,810	1,593
Operating expenses	5,424	5,245
Miscellaneous/service charges	8,677	9,654
	<hr/> 80,467	<hr/> 75,963
Excess of disbursements over receipts	(43,256)	(39,954)
Surplus, beginning of year	474,928	442,783
Transfers from:		
Café	250,000	222,000
Gift shop	215,000	200,000
Lottery booth	20,000	17,000
Donations to Kingston Health Sciences Centre at KGH	(404,701)	(366,901)
Surplus, end of year	<hr/> \$ 511,971	<hr/> \$ 474,928

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Café

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Receipts	\$ 1,394,730	\$ 1,264,736
Cost of goods sold:		
Inventory, beginning of year	11,294	9,142
Purchases	592,601	526,049
Inventory, end of year	(11,083)	(11,294)
	592,812	523,897
Gross profit	801,918	740,839
Gross profit % of receipts	57.5%	58.6%
Disbursements:		
Equipment	9,072	6,890
Salaries	439,611	387,341
Repairs and replacements	5,334	8,141
Sundry	10,853	12,796
Major renovations	307,559	—
	772,429	415,168
Excess of receipts over disbursements	29,489	325,671
Surplus, beginning of year	24,406	25,735
Transfer to General Fund	(250,000)	(222,000)
Transfer from (to) Capital Reserve	250,000	(105,000)
Surplus, end of year	\$ 53,895	\$ 24,406

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Gift Shop

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Receipts	\$ 855,353	\$ 741,230
Cost of goods sold:		
Inventory, beginning of year	107,128	128,428
Purchases	474,321	399,042
	581,449	527,470
Inventory, end of year	(111,042)	(107,128)
	470,407	420,342
Gross profit	384,946	320,888
Gross profit % of receipts	45.00%	43.3%
Disbursements:		
Salaries	127,018	106,995
Lease recovery	—	(4,000)
Parking - volunteer staff	18,705	18,657
Sundry	13,751	12,788
	159,474	134,440
Excess of receipts over disbursements	225,472	186,448
Surplus, beginning of year	131,034	144,586
Transfer to General Fund	(215,000)	(200,000)
Surplus, end of year	\$ 141,506	\$ 131,034

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Memorial Fund

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Receipts:		
Donations	\$ 220	\$ 4,525
Surplus, beginning of year	10,347	5,822
Donations to Kingston Health Sciences Centre at KGH	(10,000)	–
Surplus, end of year	\$ 567	\$ 10,347

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Lottery Booth

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Receipts:		
Commissions on ticket sales	\$ 20,462	\$ 16,477
Commissions on prizes	2,952	3,323
	<u>23,414</u>	<u>19,800</u>
Disbursements:		
Bank charges	45	45
OLG charges	270	258
Parking	2,510	2,914
	<u>2,825</u>	<u>3,217</u>
Excess of receipts over disbursements	20,589	16,583
Surplus, beginning of year	15,017	15,434
Transfer to General Fund	(20,000)	(17,000)
Surplus, end of year	<u>\$ 15,606</u>	<u>\$ 15,017</u>

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - HELPP

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Receipts:		
Interest	\$ 13	\$ 3
Ticket sales	5,020	7,797
	5,033	7,800
Cost of ticket sales:		
Ticket purchases/Provincial license	1,641	1,623
Purchases	357	357
	1,998	1,980
Gross profit	3,035	5,820
Disbursements:		
Miscellaneous	894	1,589
Excess of receipts over disbursements	2,141	4,231
Surplus, beginning of year	10,132	5,901
Donations to Kingston Health Sciences Centre at KGH	(8,000)	–
Surplus, end of year	\$ 4,273	\$ 10,132

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Teddy Bear Fund

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Receipts:		
Fundraising	\$ 37,062	\$ 29,556
Disbursements:		
Purchases	3,240	3,430
Excess of receipts over disbursements	33,822	26,126
Surplus, beginning of year	4,708	7,582
Donations to Kingston Health Sciences Centre at KGH	(20,000)	(29,000)
Surplus, end of year	\$ 18,530	\$ 4,708

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess of receipts over disbursements (disbursements over receipts)	\$ (174,224)	\$ 127,729
Change in non-cash operating working capital:		
Accounts receivable	5,012	(3,028)
Inventories	(4,440)	18,458
Prepaid expenses	(3,696)	4,522
Accounts payable and accrued liabilities	(938)	(7,245)
	(178,286)	140,436
Investing activities:		
Advances from (to) Kingston Health Sciences Centre at KGH	285,000	(75,000)
Increase in cash	106,714	65,436
Cash, beginning of year	283,813	218,377
Cash, end of year	\$ 390,527	\$ 283,813

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Notes to Financial Statements

Year ended March 31, 2019

Kingston General Hospital Auxiliary (the "Auxiliary") operates a café, gift shop and lottery booth at Kingston Health Sciences Centre at KGH ("Hospital") and undertakes various fundraising activities to assist the Hospital.

1. Significant accounting policies:

(a) Revenue recognition:

Revenue is recognized when services are provided or the goods are sold.

(b) Inventories:

Inventories are valued at the lower of cost and replacement cost.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Auxiliary has not elected to subsequently carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Auxiliary determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Auxiliary expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

KINGSTON GENERAL HOSPITAL AUXILIARY

Notes to Financial Statements, continued

Year ended March 31, 2019

2. Related party transactions:

The Auxiliary raises funds for Kingston Health Sciences Centre at KGH to be allocated to special gifts in a manner satisfactory to the administration of Kingston Health Sciences Centre at KGH.

During the year, the Auxiliary donated \$442,701 (2018 - \$395,901) to Kingston Health Sciences Centre at KGH. Also, the Auxiliary has a loan receivable of \$265,000 (2018 - \$550,000) from Kingston Health Sciences Centre at KGH which is payable on demand.

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$4,067 (2018 - \$4,626), which relate to amounts payable for HST.

4. Commitment:

The Auxiliary has pledged to donate \$2,500,000 to the Hospital for the phase II development of the Hospital site. This donation will be paid over seven years beginning in 2018. As at March 31, 2019, the remaining commitment is \$2,100,000.

5. Financial risk and concentration of risk:

Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Auxiliary is exposed to credit risk with respect to accounts receivable and loan receivable from Kingston Health Sciences Centre at KGH. The Auxiliary assesses, on a continuous basis, the accounts receivable and the loan receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The allowance for doubtful accounts as at March 31, 2019 is \$Nil (2018 - \$Nil).