

**BELLEVILLE GENERAL HOSPITAL
FOUNDATION INCORPORATED
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018**

BELLEVILLE GENERAL HOSPITAL FOUNDATION INCORPORATED
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Belleville General Hospital Foundation Incorporated

Qualified Opinion

We have audited the financial statements of Belleville General Hospital Foundation Incorporated (the Foundation), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in fund balances 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 section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether, as at and for the years ended December 31, 2018 and December 31, 2017, any adjustments might be necessary to donations revenue, excess of revenues over expenditures, assets and fund balances.

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 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.

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 these financial statements, management is responsible for assessing the 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 the Foundation, or to cease operations, or has no realistic alternative but to do so.

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

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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 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 Foundation'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 Foundation'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 auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

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.

Wilkinson + Company LLP

TRENTON, Canada
June 12, 2019

Chartered Professional Accountants
Licensed Public Accountants

BELLEVILLE GENERAL HOSPITAL FOUNDATION INCORPORATED
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	<u>General Fund</u>		<u>Restricted Funds</u>		<u>Endowment Fund</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$ (000's)	\$	\$ (000's)	\$	\$ (000's)	\$	\$ (000's)	\$ (Restated)
CURRENT ASSETS								
Cash	1,526	363	653	1,075	44	401	2,223	1,839
Accounts receivable	27	34	1	-	-	-	28	34
Amounts due from internal funds	1,268	1,373	-	-	370	41	1,638	1,414
Prepaid expenses	11	11	-	1	-	-	11	12
	2,832	1,781	654	1,076	414	442	3,900	3,299
TANGIBLE CAPITAL ASSETS - Note 4	43	57	-	-	-	-	43	57
LONG-TERM								
Investments at fair market value - Note 2(e)	102	110	2,325	2,504	1,328	1,138	3,755	3,752
	2,977	1,948	2,979	3,580	1,742	1,580	7,698	7,108
CURRENT LIABILITIES								
Accounts payable and accrued liabilities	149	311	765	-	-	-	914	311
Amounts due to internal funds	-	-	1,638	1,414	-	-	1,638	1,414
	149	311	2,403	1,414	-	-	2,552	1,725
LONG-TERM								
Due to Quinte Healthcare Corporation - Note 8	64	64	2,375	2,243	-	-	2,439	2,307
FUND BALANCES								
Externally restricted - Note 5	-	-	(1,799)	(77)	1,742	1,580	(57)	1,503
Unrestricted	2,764	1,573	-	-	-	-	2,764	1,573
	2,764	1,573	(1,799)	(77)	1,742	1,580	2,707	3,076
	2,977	1,948	2,979	3,580	1,742	1,580	7,698	7,108

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

The accompanying notes form an integral part of these financial statements

BELLEVILLE GENERAL HOSPITAL FOUNDATION INCORPORATED
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>General Fund</u>		<u>Restricted Funds</u>		<u>Endowment Fund</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$ (000's)	\$	\$ (000's)	\$	\$ (000's)	\$	\$ (000's)	\$
REVENUES								
Investment income - Note 3	4	47	(296)	3	167	203	(125)	253
Special event fundraising	299	339	233	245	-	-	532	584
Donations	2,180	1,073	804	873	-	-	2,984	1,946
	2,483	1,459	741	1,121	167	203	3,391	2,783
EXPENSES								
Accounting, audit and legal	21	17	6	10	-	-	27	27
Equipment - replacements	11	11	-	-	-	-	11	11
Fundraising expenses	112	106	36	61	-	-	148	167
Investment account fees	23	12	6	6	5	-	34	18
Office	103	111	39	65	-	-	142	176
Salaries and benefits	516	484	144	274	-	-	660	758
Special event expenses	67	113	18	-	-	-	85	113
	853	854	249	416	5	-	1,107	1,270
Transfers - Note 8	87	196	2,563	2,571	3	2	2,653	2,769
	940	1,050	2,812	2,987	8	2	3,760	4,039
DEFICIENCY OF REVENUES OVER EXPENSES	1,543	409	(2,071)	(1,866)	159	201	(369)	(1,256)
FUND BALANCES - BEGINNING OF THE YEAR	1,573	3,312	(77)	(357)	1,580	1,377	3,076	4,332
Inter-fund transfers - Note 10	(352)	(2,148)	349	2,146	3	2	-	-
FUND BALANCES - END OF THE YEAR	2,764	1,573	(1,799)	(77)	1,742	1,580	2,707	3,076

The accompanying notes form an integral part of these financial statements

BELLEVILLE GENERAL HOSPITAL FOUNDATION INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>General Fund</u>		<u>Restricted Funds</u>		<u>Endowment Fund</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$ (000's)	\$	\$ (000's)	\$	\$ (000's)	\$	\$ (000's)	\$
OPERATING ACTIVITIES								
Deficiency of revenues over expenses	1,543	409	(2,071)	(1,866)	159	201	(369)	(1,256)
Adjustment for:								
Amortization of tangible capital assets	14	19	-	-	-	-	14	19
Increase in accounts payable and accrued liabilities	(161)	213	765	-	-	-	604	213
Decrease (increase) in accounts receivable	7	22	(1)	-	-	-	6	22
Increase (decrease) in due to Quinte Healthcare Corporation	-	64	132	(1,395)	-	-	132	(1,331)
Increase (decrease) in due to general account	105	(842)	224	857	(329)	(15)	-	-
Decrease in prepaid	-	(7)	1	(1)	-	-	1	(8)
Decrease (increase) in investments	8	1,833	179	769	(190)	160	(3)	2,762
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	1,516	1,711	(771)	(1,636)	(360)	346	385	421
INVESTMENT AND FINANCING ACTIVITIES								
Purchase of tangible capital assets	-	(8)	-	-	-	-	-	(8)
Interfund transfers	(352)	(2,148)	349	2,146	3	2	-	-
CASH USED IN INVESTING AND FINANCING ACTIVITIES	(352)	(2,156)	349	2,146	3	2	-	(8)
NET INCREASE IN CASH	1,164	(445)	(422)	510	(357)	348	385	413
CASH - BEGINNING OF YEAR	363	808	1,075	565	401	53	1,839	1,426
CASH - END OF YEAR	1,527	363	653	1,075	44	401	2,224	1,839

The accompanying notes form an integral part of these financial statements

**BELLEVILLE GENERAL HOSPITAL FOUNDATION INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. PURPOSE OF THE ORGANIZATION

The Belleville General Hospital Foundation (The "Foundation") is a public Foundation incorporated for the purpose of raising and managing funds that will assist Quinte Healthcare – Belleville General Site and North Hastings Site in providing quality healthcare services to the area communities. In addition, the Foundation raises and manages funds that support a variety of other healthcare services in its catchment area. The Foundation raises these funds through comprehensive fundraising programs and the management of its investment portfolio.

The Foundation's investment policies and decisions are made by an Investment Finance Committee of the Board of Directors (the "Board") with the support of a professional fund manager. In accordance with these policies, investments in shares in publicly traded companies are restricted to well capitalized corporations listed on major North American stock exchanges, guaranteed investment certificates and high-grade corporate and government bonds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Foundation have been prepared in accordance with Canadian generally accepted accounting principles. The following summary of significant accounting policies is set forth to facilitate the understanding of these financial statements:

Fund Accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board. Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet these objectives of financial reporting and stewardship over assets, certain inter-fund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These inter-fund transfers are reported on the Statement of Operations and Changes in Fund Balances.

For financial reporting purposes, the accounts have been classified into the following funds:

a) General Funds

The General Fund accounts for the Foundation's general fund-raising and granting activities. This fund reports unrestricted resources available for immediate purposes. This fund also reports restricted resources to be used for an identified purpose as specified by donors.

BELLEVILLE GENERAL HOSPITAL FOUNDATION INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

b) Restricted Funds

The Restricted Funds include those funds where resources are to be used for an identified purpose as specified by the donor, as stipulated by the fund-raising appeal, or as determined by the Board.

c) Endowment Funds

The Endowment Funds consist of externally restricted contributions received by the Foundation where the endowment principal is required to be maintained intact. The investment income generated from the assets held for endowment purposes must be used as directed by the donor.

d) Financial Instruments

(i) Measurement of Financial Instruments

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost except for equities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at fair value include investments.

Financial assets measured at amortized cost include cash and accounts receivables.

Financial liabilities measured at amortized cost include accounts payables and accrued liabilities and due to Quinte Healthcare Corporation.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recorded in net income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the impairment amount previously recognized.

e) Investments

Investments are measured at fair value. Fair values are based on the listed market values. Gains and losses arising from changes in fair value are included in the Statement of Operations and Changes in Fund Balances for the year.

BELLEVILLE GENERAL HOSPITAL FOUNDATION INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

f) Translation of Foreign Currencies

The cost of revenues and expenses denominated in foreign currencies are translated into Canadian dollars at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date.

g) Revenue Recognition

Unrestricted contributions are recognized as revenue in the General Fund in the year received. Donor restricted contributions for specific purposes are recognized as revenue in the Restricted Fund unless the principal is to be maintained permanently, in which case the contributions are recognized as revenue in the Endowment Fund. Pledges receivable are recognized when they are received.

Investment income (loss) on Endowment Fund resources that must be spent on donor restricted activities is recognized in the Restricted Fund. Investment income (loss) subject to donor restrictions stipulating that it be added to the principal amount of the endowment is recognized in the Endowment Fund. Unrestricted investment income is recognized in the General Fund Fund.

h) Grant Recognition

Grants and commitments are recognized at the date of Board approval.

i) Contributed Services

A 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.

j) Tangible Capital Assets

The Foundation's capital assets are carried at cost. Amortization of capital assets, which is based on the estimated useful life, is calculated using the rates and bases applied as follows:

Asset	Basis	Rate
Donor Wall	Straight-line	10 years
Website	Declining balance	55%
Software	Declining balance	50%
Sign	Straight-line	10 years

BELLEVILLE GENERAL HOSPITAL FOUNDATION INCORPORATED
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FOR THE YEAR ENDED DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

k) Allocation of expenses

The foundation allocates its general management and administration expenses based on the percentage of donation revenue received from each fund.

l) Cash and cash equivalents

Cash and cash equivalents represent cash held on hand.

3. INVESTMENT INCOME

Included in investment income is interest income of \$35,642 (2017 -\$40,351).

4. TANGIBLE CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated	Cost	Accumulated
	\$	\$	\$	\$
	(000's)	(000's)	(000's)	(000's)
Donor Wall	98	63	98	54
Website	39	39	39	38
Software	14	12	14	9
Sign	8	2	8	1
	159	116	159	102
Cost less accumulated amortization	\$ 43		\$ 57	

BELLEVILLE GENERAL HOSPITAL FOUNDATION INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

5. RESTRICTED FUNDS

The Restricted Funds consist of the following:

	2018 \$ (000's)	2017 \$ (000's)
Donor-Restricted Balances		
Restricted for the purchase of medical equipment at the Belleville General Hospital	(5,527)	(4,649)
Restricted Special Purposes as designated by the donors	277	407
Restricted for the redevelopment and improvement of the Belleville General Hospital	2,498	2,733
Restricted for the redevelopment and improvement of the North Hastings District Hospital	803	677
Restricted donation by donor - Child Bereavement	150	134
Restricted donation by donor - designation undetermined	-	621
	(1,799)	(77)

6. COMMITMENTS

The Board of Directors has approved the following commitments:

	Commitments \$ (000's)	Transfers to Date \$ (000's)
Oncology Clinic Expansion	128	-
Medicine and General Equipment - Belleville General	11,246	9,267
Medicine and General Equipment - North Hastings	1,935	1,603

BELLEVILLE GENERAL HOSPITAL FOUNDATION INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

7. ENDOWMENT FUNDS

The Endowment Fund consists of externally restricted contributions received by the Foundation where the endowment principal is required to be maintained intact. The Endowment Fund also includes internal resources transferred by the Board of Directors (the "Board") to the Endowment Fund, with the intention that the principal be maintained intact, but may be drawn down to fund operating activities and grants as required.

8. RELATED PARTY TRANSACTIONS

Related parties include Quinte Healthcare Corporation and Tri-County Healthcare Foundation. Transactions with these related parties have been recorded at the exchange amount and include:

- (i) During the year, the Foundation transferred \$973,192 million to Quinte Health Care from the Medical Equipment Fund as part of the 2017/2018 fiscal commitments.
- (ii) During the year, the Foundation committed an additional \$2,102,070 for the purchase of 2018/2019 priority medical equipment. The Foundation transferred \$907,2995 to Quinte Health Care from the Medical Equipment Fund.

In addition, the Foundation transferred \$168,422 to Quinte Healthcare in support of the oncology unit, \$67,754 for child bereavement, \$31,964 for Children's Treatment Centre and \$1,389 for education.

- (iii) The Foundation has committed \$1.935 million in financial support towards the purchase of medical equipment at Quinte Healthcare - North Hastings. As at December 31, 2018, \$1.603 million of this amount has been transferred to Quinte Healthcare, leaving a commitment of \$332,000 outstanding.

BELLEVILLE GENERAL HOSPITAL FOUNDATION INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

9. FINANCIAL INSTRUMENTS

The Foundation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, liquidity risk, and market (other price) risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

Market Risk

Market risk is the risk that the fair value or future cash flows to a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate, interest rate risk and price risk. The Foundation is mainly exposed to interest rate risk and price risk on its investment portfolio.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial traded in the market. The Foundation is exposed to price risk through its investment portfolio but has taken steps to mitigate this risk through the adoption of its investment policy.

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Foundation is exposed to interest rate risk on its investment portfolio, however management has mitigated this risk by adopting the investment policy.

10. INTERFUND TRANSFERS

The Foundation transferred \$970,000 from the general fund to the restricted fund for the purchase of medical equipment and \$621,000 from the undesignated restricted fund to the general fund for the purchase of equipment.

11. COMMITMENT

In 2015, the City of Belleville pledged \$1.5 million over the next six years to the Belleville General Hospital Foundation to help fund the purchase of a CT Scanner at Belleville General Hospital. As at December 31, 2018, \$1 million has been received from the City of Belleville.

**BELLEVILLE GENERAL HOSPITAL FOUNDATION INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

12. COMPARATIVE FIGURES

In order to conform with the financial statement presentation adopted for the current year, certain elements of the comparative figures have been regrouped.