

Financial statements of

**Queensway Carleton
Hospital Foundation**

March 31, 2016

Queensway Carleton Hospital Foundation

March 31, 2016

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Independent Auditor's Report

To the Board of Directors of
Queensway Carleton Hospital

We have audited the accompanying financial statements of Queensway Carleton Hospital Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in fund balances 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 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 the Foundation as at March 31, 2016, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants


June 28, 2016

Queensway Carleton Hospital Foundation

Statement of financial position
as at March 31, 2016

	General Fund	Endowment Fund	Restricted Fund (Note 8)	Total	
				2016	2015
	\$	\$	\$	\$	\$
Assets					
Current assets					
Cash	927,025	-	5,973,339	6,900,364	5,564,949
Due from (to) Funds	36,540	-	(36,540)	-	-
Short-term investments (Note 4)	157,323	-	-	157,323	158,895
Accrued interest	-	-	3,061	3,061	2,650
Prepaid expenses	30,932	-	590	31,522	30,882
Inventory	-	-	42,052	42,052	46,946
	1,151,820	-	5,982,502	7,134,322	5,804,322
Investments (Note 4)	-	1,816,542	341,833	2,158,375	2,246,135
Capital assets (Note 5)	15,143	-	8,992,002	9,007,145	9,515,966
	1,166,963	1,816,542	15,316,337	18,299,842	17,566,423
Liabilities					
Current liabilities					
Due to the Hospital (Note 11)	168,401	-	15,196	183,597	322,694
Accounts payable and accrued liabilities	64,997	-	9,253	74,250	52,096
Deferred contributions (Note 6)	157,323	-	-	157,323	158,895
Debt (Note 7)	-	-	8,192,865	8,192,865	8,790,465
	390,721	-	8,217,314	8,608,035	9,324,150
Fund balances					
Unrestricted	761,099	-	-	761,099	764,901
Endowment Fund	-	1,816,542	-	1,816,542	1,981,316
Restricted (Note 8)	-	-	6,299,886	6,299,886	4,770,555
Invested in capital assets	15,143	-	799,137	814,280	725,501
	776,242	1,816,542	7,099,023	9,691,807	8,242,273
	1,166,963	1,816,542	15,316,337	18,299,842	17,566,423

On behalf of the Board

 Director

 Director

Queensway Carleton Hospital Foundation

Statement of operations year ended March 31, 2016

	General Fund		Endowment Fund		Restricted Fund (Note 8)		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Donations	1,395,194	1,648,377	-	-	3,337,178	1,620,338	4,732,372	3,268,715
Investment income	165,069	150,014	(164,774)	104,830	90,036	90,368	90,331	345,212
Parking operations	-	-	-	-	4,763,025	4,528,565	4,763,025	4,528,565
Gift Shop	-	-	-	-	283,386	276,930	283,386	276,930
Total revenue	1,560,263	1,798,391	(164,774)	104,830	8,473,625	6,516,201	9,869,114	8,419,422
Expenses								
Salaries and benefits (Note 11)	1,273,267	1,129,207	-	-	-	-	1,273,267	1,129,207
Fundraising and administrative	642,755	602,782	-	-	-	-	642,755	602,782
Investment fees	19,337	19,126	-	-	2,160	2,108	21,497	21,234
Parking operations	-	-	-	-	1,260,747	1,358,159	1,260,747	1,358,159
Gift shop	-	-	-	-	235,108	227,965	235,108	227,965
Interest on long-term debt	-	-	-	-	300,635	321,228	300,635	321,228
Amortization of capital assets	7,638	8,696	-	-	501,183	501,092	508,821	509,788
Total expenses	1,942,997	1,759,811	-	-	2,299,833	2,410,552	4,242,830	4,170,363
Excess (deficiency) of revenue over expenses, before grants	(382,734)	38,580	(164,774)	104,830	6,173,792	4,105,649	5,626,284	4,249,059
Grants (Note 11)	-	-	-	-	(4,176,750)	(3,658,298)	(4,176,750)	(3,658,298)
Excess (deficiency) of revenue over expenses	(382,734)	38,580	(164,774)	104,830	1,997,042	447,351	1,449,534	590,761

See accompanying notes to the financial statements.

Queensway Carleton Hospital Foundation

Statement of changes in fund balances year ended March 31, 2016

	General Fund		Endowment Fund	Restricted Fund (Note 8)		Total	
	Unrestricted	Invested in capital assets		Restricted	Invested in capital assets	2016	2015
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	764,901	22,781	1,981,316	4,770,555	702,720	8,242,273	7,651,512
Excess (deficiency) of revenue over expenses	(382,734)	-	(164,774)	1,997,042	-	1,449,534	590,761
Net change in fund balance invested in capital assets (Note 9)	7,638	(7,638)	-	(96,417)	96,417	-	-
Interfund transfers (Note 10)	371,294	-	-	(371,294)	-	-	-
Balance, end of year	761,099	15,143	1,816,542	6,299,886	799,137	9,691,807	8,242,273

See accompanying notes to the financial statements.

Queensway Carleton Hospital Foundation

Statement of cash flows year ended March 31, 2016

	2016	2015
	\$	\$
Operating activities		
Excess of revenue over expenses	1,449,534	590,761
Items not affecting cash		
Change in unrealized gains and losses on investments	168,144	(100,679)
Amortization of capital assets	508,821	509,788
	2,126,499	999,870
Changes in non-cash operating working capital items:		
Accrued interest	(411)	555
Amounts receivable	-	155,293
Prepaid expenses	(640)	2,169
Inventory	4,894	7,885
Due to the Hospital	(139,097)	(340,277)
Accounts payable and accrued liabilities	22,154	(2,547)
Deferred contributions (Note 6)	(1,572)	(1,490)
	2,011,827	821,458
Investing activities		
Purchase of investments	(143,384)	(127,528)
Sales and maturities of investments	64,572	68,490
Purchase of capital assets	-	(10,691)
	(78,812)	(69,729)
Financing activities		
Principal repayments of long-term debt	(597,600)	(576,787)
Net cash inflow	1,335,415	174,942
Cash, beginning of year	5,564,949	5,390,007
Cash, end of year	6,900,364	5,564,949

See accompanying notes to the financial statements.

Queensway Carleton Hospital Foundation

Notes to the financial statements

March 31, 2016

1. Nature of entity

The Queensway Carleton Hospital Foundation (the "Foundation") is a not-for-profit organization incorporated without share capital under the Ontario Business Corporations Act with the objective to raise, receive, maintain and manage funds to be distributed towards various programs and capital projects of the Queensway Carleton Hospital (the "Hospital").

The Foundation is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue charitable donation receipts.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting, applying the restricted fund method. Resources received and expended are classified for accounting and reporting purposes into funds according to objectives specified externally by donors or internally by the Board of Directors.

(i) General Fund

The General Fund accounts for the Foundation's general fundraising, granting, administrative activities, and restricted contributions for purposes other than those restricted by the Endowment Fund, as well as the Funds for Designated Purposes, the Care Grows West Campaign, the Advancing Care for All Ages Campaign, and the Parking and Gift Shop Operations Fund (collectively the Restricted Fund).

(ii) Endowment Fund

The Endowment Fund includes those resources for which the donor has stipulated that the funds be maintained permanently and as well funds designated internally for endowment purposes, which are not available for other purposes without the approval of the Board of Directors.

The Endowment Fund includes:

- (a) The John Sutherland Endowment Fund established for the purpose of accumulating capital, the income from which will be used to purchase new or replace aging equipment of the Hospital.
- (b) The Bradley Endowment Fund established to assist the staff of the Hospital in training and development, the income from which may be used for this purpose.
- (c) The Nurses Endowment Fund established to assist with nursing education, the income from which may be used for this purpose.
- (d) The Dr. Ladislav Doubek Fund established to assist with surgical education and capital equipment for the operating rooms, the income from which may be used for this purpose.

(iii) Restricted Fund

The Restricted Fund includes both internally and externally restricted funds. The Restricted Fund includes:

(a) Funds for Designated Purposes

The Funds for Designated Purposes represent resources that will be distributed for several specific purposes. These resources include donor designated donations for various Hospital departments and equipment purchases and undistributed endowment investment income.

Queensway Carleton Hospital Foundation

Notes to the financial statements

March 31, 2016

2. Significant accounting policies (continued)

Fund accounting (continued)

(iii) Restricted Fund (continued)

(b) Care Grows West Campaign

The Care Grows West Campaign, previously known as the Strengths Campaign Equipment and Building Fund, includes resources that have been raised under the Foundation's previous capital campaign. The net proceeds of this campaign are to be used to purchase hospital equipment and for funding the Hospital's Phase III Redevelopment Project, which reached substantial completion in September 2013, and for the Hospital's Irving Greenberg Family Cancer Centre for which it is part of the regional cancer program.

(c) Advancing Care for All Ages Campaign

The Advancing Care for All Ages Campaign fund includes resources that have been raised under the Foundation's current campaign. The net proceeds of this campaign are to be used for the following investments at Queensway Carleton Hospital to meet growing needs for healthcare in the community:

- The Acute Care of the Elderly Unit (ACE), the first unit of its kind in the region and only the second in Ontario focused on specialized holistic geriatric care
- New and replacement state-of-the art equipment to support and optimize QCH Centres of Excellence in patient care; such as: Diagnostic Imaging, Surgery, Medicine and the Birthing Centre. Resulting in lower wait times for much needed diagnoses, and better patient experience and outcomes.
- Collaborative and hospital wide education and training that fosters best practices in patient and family centered care.
- Efficiencies and improved outcomes through investment in technology and modernization.

(d) The Parking and Gift Shop Operations Fund

The Parking and Gift Shop Operations Fund includes resources that have been earned from the net proceeds of the Parking and Gift Shop Operations.

Revenue recognition

Donations are recorded as revenue when received.

Revenue from special events is recognized when the event occurs.

Unrestricted contributions are recognized as revenue of the General Fund. Designated donations are recorded as revenue of the Endowment Fund and Restricted Fund as appropriate. If there is no appropriate restricted fund, restricted contributions are accumulated as deferred contributions of the General Fund and subsequently recognized as revenue of the General Fund upon transfer to the Hospital.

Investment income includes dividend and interest income, realized and unrealized gains and losses on investments.

Investment income for the General Fund and Restricted Fund is recognized as revenue in the Statement of operations when earned, for both realized and unrealized income, in each of the respective funds in which the investment is held. Unrestricted investment income and realized gains and losses earned on the Endowment Fund are recognized in the General Fund and then allocated to the Funds for Designated Purposes within the Restricted Fund via an interfund transfer. Restricted investment income earned on externally restricted endowments is recognized in the Funds for Designated Purposes within the Restricted Fund. Realized gains and losses on externally restricted endowments are recognized in the Statement of operations of the Endowment Fund.

Donations of materials are recorded as revenue at fair value when received.

Queensway Carleton Hospital Foundation

Notes to the financial statements

March 31, 2016

2. Significant accounting policies (continued)

Fundraising and general support costs

Fundraising, administrative and general support costs, including salaries and benefits, are presented under the General Fund on the Statement of operations. Fundraising, salary and benefits expenses directly related to the Advancing Care for All Ages Campaign are funded through an interfund transfer from the Advancing Care for All Ages Campaign fund in the Restricted Fund to the General Fund (Note 10). Salary and benefits expenses funded by the Advancing Care for All Ages Campaign are based on an estimate of staff time for those staff members who are dedicated to the fundraising efforts of the Advancing Care for All Ages Campaign.

Cash

Cash is carried at fair value.

Investments

All investments (except the life annuity contract) are recorded at fair value.

Short-term investments

The life annuity contract is recorded at amortized cost. In 2005, the Foundation received a donation of \$170,726 which was used to purchase the life annuity. As part of this donation arrangement, the Foundation was assigned all beneficiary rights of a life insurance policy. In the event of the passing of the insured, the Foundation is entitled to receive a payment of \$1,500,000. The annual income from the annuity coincides with and is used to pay the annual insurance premium of the life insurance policy. Both the annual income on the annuity and the life insurance premium have been recorded in the General Fund's Statement of operations of the Foundation. An asset and a deferred revenue have been recorded, which approximates the fair value of the annuity.

Long-term investments

The long-term investments held by the Foundation consist of investments held for the Endowment Fund and the Funds for Designated Purposes in the Restricted Fund. These investments are recorded at fair value.

Long-term debt

Long-term debt is recorded at amortized cost using the effective interest rate method. The fair value of the debt is based on an assessment of interest rate risk and credit risk.

Derivative financial instruments

The Foundation uses derivative financial instruments to manage interest rate risk. The only derivative product used is an interest rate swap (see Note 7 for further details).

Hedge accounting is applied when a derivative is designated a hedge of a specific exposure and there is reasonable assurance that it will continue to be effective throughout the term of the hedge relationship. The Foundation uses an interest rate swap designated as a cash flow hedge to hedge variability in forecasted cash flows. Changes in the fair value of effective cash flow hedges are not recorded. If the cash flow hedge is not effective, changes in the fair value of cash flow hedge will be reported directly in the Statement of operations.

The periodic exchanges of payments on interest rate swaps designated as hedges of debt are recorded as an adjustment to interest expenses of the hedged item in the same period.

Other financial instruments

Due to the Hospital and accounts payable and accrued liabilities are carried at amortized cost, which approximates fair value.

Queensway Carleton Hospital Foundation

Notes to the financial statements

March 31, 2016

2. Significant accounting policies (continued)

Inventory

Inventory is valued at the lower of cost or net realizable value. Cost is determined on a first in, first out basis.

Capital assets

Capital assets are recorded at cost. Amortization expense is recorded in the General Fund and the Parking and Gift Shop Operations Fund and is provided on the straight-line basis over the following useful lives:

Computer hardware and software	5 years
Office furniture	5 years
Donor wall	10 years
Gift shop improvements	5 years
Parking facility license	25 years

Use of estimates

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates include judgments as to the fair value of investments, the useful lives of capital assets and the amount of certain accrued liabilities. Actual results could differ from these estimates. These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the financial statements in the period they become known.

3. Capital management

The Foundation defines its capital as the fund balances of the General Fund, the Endowment Fund, the Restricted Fund (Funds for Designated Purposes, the Care Grows West Campaign, the Advancing Care for All Ages Campaign, and the Parking and Gift Shop Operations Fund) and long-term debt. These restricted funds are maintained to segregate contributions raised and expended according to restrictions made externally by donors or internally by the Board of Directors as described in Note 2. Resources expended from these funds are primarily in the form of grants to the Hospital which must be approved by the Foundation's Board of Directors ensuring restrictions are met through the Hospital's accountability on the use of the grants on specific capital projects and programs. The Foundation has complied with the requirements respecting restricted contributions throughout the year.

The Foundation monitors its cost of raising capital consistent with fundraising industry standards on the basis of cost per dollar raised. The Foundation's strategy is to maintain a cost per dollar raised within acceptable industry standards to safeguard the Foundation's ability to continue as an effective fundraising and fund managing charitable organization and to meet its objective as described in Note 1.

Information regarding the long-term debt is disclosed in Note 7.

Queensway Carleton Hospital Foundation

Notes to the financial statements

March 31, 2016

4. Investments

Investments held as at March 31, 2016 consist of the following:

	2016							
	General Fund		Endowment Fund		Restricted Fund		Total	
	Fair value	Cost	Fair value	Cost	Fair value	Cost	Fair value	Cost
	\$	\$	\$	\$	\$	\$	\$	\$
Fixed income and cash	-	-	466,722	459,524	341,833	341,833	808,555	801,357
Life annuity contract (Note 6)	157,323	157,323	-	-	-	-	157,323	157,323
Equities								
Canadian	-	-	698,763	630,113	-	-	698,763	630,113
Foreign	-	-	651,057	542,125	-	-	651,057	542,125
	-	-	1,349,820	1,172,238	-	-	1,349,820	1,172,238
Total investments	157,323	157,323	1,816,542	1,631,762	341,833	341,833	2,315,698	2,130,918
Short-term investments	(157,323)	(157,323)	-	-	-	-	(157,323)	(157,323)
Long-term investments	-	-	1,816,542	1,631,762	341,833	341,833	2,158,375	1,973,595

Fixed income is comprised of corporate and government bonds; the effective interest rate varies between 1.25% and 6.50% (2015 - 1.75% and 6.50%) with maturity dates varying between June 2018 and June 2040 (2015 - December 2016 and June 2029).

Queensway Carleton Hospital Foundation

Notes to the financial statements

March 31, 2015

4. Investments (continued)

Investments held as at March 31, 2015 consist of the following:

2015

	General Fund		Endowment Fund		Restricted Fund		Total	
	Fair value	Cost	Fair value	Cost	Fair value	Cost	Fair value	Cost
	\$	\$	\$	\$	\$	\$	\$	\$
Fixed income and cash	-	-	482,677	460,166	264,819	264,819	747,496	724,985
Life annuity contract (Note 6)	158,895	158,895	-	-	-	-	158,895	158,895
Equities								
Canadian	-	-	730,902	620,176	-	-	730,902	620,176
Foreign	-	-	767,737	548,050	-	-	767,737	548,050
	-	-	1,498,639	1,168,226	-	-	1,498,639	1,168,226
Total investments	158,895	158,895	1,981,316	1,628,392	264,819	264,819	2,405,030	2,052,106
Short-term investments	(158,895)	(158,895)	-	-	-	-	(158,895)	(158,895)
Long-term investments	-	-	1,981,316	1,628,392	264,819	264,819	2,246,135	1,893,211

Queensway Carleton Hospital Foundation

Notes to the financial statements

March 31, 2016

5. Capital assets

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer hardware and software	101,638	98,031	3,607	6,303
Office furniture	58,328	46,792	11,536	16,480
Gift shop improvements	73,860	47,033	26,827	39,008
Parking facility license (Note 11)	12,225,175	3,260,000	8,965,175	9,454,175
	12,459,001	3,451,856	9,007,145	9,515,966

Cost and accumulated amortization at March 31, 2015 amounted to \$12,529,022 and \$3,013,056, respectively.

6. Deferred contributions

The deferred contributions represent the unamortized balance of the donations received for the life annuity contract. The changes in the year are as follows:

	2016	2015
	\$	\$
Balance, beginning of year	158,895	160,385
Amount recognized during the year	(1,572)	(1,490)
Balance, end of year	157,323	158,895

7. Debt

	2016	2015
	\$	\$
Parking facility demand loan, reaching maturity in September 2022, interest rate of 3.55%, monthly payments made on an escalating schedule including principal and interest (see below)	8,192,865	8,790,465

The long-term debt has been classified as short-term because these loans are due on demand. The Foundation is required to make monthly payments (principal and interest) as follows:

	\$
March 2014 to February 2017	75,000
March 2017 to February 2018	100,000
March 2018 to February 2019	120,000
March 2019 to February 2021	130,000
March 2021 to September 2022	140,000

Queensway Carleton Hospital Foundation

Notes to the financial statements

March 31, 2016

7. Debt (continued)

Principal payments required, assuming the demand loan is not called, are as follows:

	\$
2017	619,163
2018	946,434
2019	1,224,529
2020	1,390,686
2021	1,440,866
2022 and thereafter	2,571,187
	<hr/> 8,192,865 <hr/>

Interest rate derivative agreements

Interest rate swaps are agreements where two counterparties exchange a series of payments based on different interest rates applied to a notional amount in a single currency. Interest rate swaps are used to adjust exposure to interest rate risk by modifying the repricing or maturity characteristics of existing and/or anticipated assets and liabilities.

The Foundation applied hedge accounting to the following transactions:

The Foundation converted \$10,500,000 of floating rate debt of the parking facility bank loan to fixed rate debt of 3.55%. This derivative agreement is effective from July 15, 2009 to September 15, 2022.

Derivatives - notional amounts

Notional amounts serve as a point of reference for calculating payments and are a common measure of business volume. The notional amount of the Foundation's derivative transactions as at March 31, 2016 is \$8,192,865 (2015 - \$8,790,465).

Fair value

As at March 31, 2016, the interest rate swaps have unrealized losses, which are not recorded on the Statement of financial position, of \$658,785 (2015 - \$721,096). The fair value of the loans as at March 31, 2016 was \$8,852,776 (2015 - \$9,511,561).

Queensway Carleton Hospital Foundation

Notes to the financial statements

March 31, 2016

8. Restricted Fund

Details on the assets, liabilities, fund balances, revenues and expenses of the individual funds that make up the Restricted Fund are shown as follows:

	Funds for	Care Grows	Advancing Care	Parking and	Total	
	Designated	West	for All Ages	Gift Shop	2016	2015
	Purposes	Campaign	Campaign	Operations		
				Fund		
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash	758,758	97,574	2,523,192	2,593,815	5,973,339	4,638,702
Due to Funds	-	-	(36,540)	-	(36,540)	(107,706)
Accrued interest	3,061	-	-	-	3,061	2,650
Prepaid expenses	-	-	-	590	590	980
Inventory	-	-	-	42,052	42,052	46,946
	761,819	97,574	2,486,652	2,636,457	5,982,502	4,581,572
Investments (Note 4)	341,833	-	-	-	341,833	264,819
Capital assets (Note 5)	-	-	-	8,992,002	8,992,002	9,493,184
	1,103,652	97,574	2,486,652	11,628,459	15,316,337	14,339,575
Liabilities						
Current liabilities						
Due to the Hospital (Note 11)	2,345	-	-	12,851	15,196	69,427
Accounts payable and accrued liabilities	-	-	-	9,253	9,253	6,408
Debt (Note 7)	-	-	-	8,192,865	8,192,865	8,790,465
	2,345	-	-	8,214,969	8,217,314	8,866,300
Fund balances	1,101,307	97,574	2,486,652	3,413,490	7,099,023	5,473,275
	1,103,652	97,574	2,486,652	11,628,459	15,316,337	14,339,575
Revenue						
Donations	288,540	506,068	2,542,570	-	3,337,178	1,620,338
Investment income	19,800	7,206	16,065	46,965	90,036	90,368
Parking operations	-	-	-	4,763,025	4,763,025	4,528,565
Gift Shop	-	-	-	283,386	283,386	276,930
Total revenue	308,340	513,274	2,558,635	5,093,376	8,473,625	6,516,201
Expenses						
Investment fees	2,160	-	-	-	2,160	2,108
Parking operations	-	-	-	1,260,747	1,260,747	1,358,159
Gift shop	-	-	-	235,108	235,108	227,965
Interest on long-term debt	-	-	-	300,635	300,635	321,228
Amortization of capital assets	-	-	-	501,183	501,183	501,092
Total expenses	2,160	-	-	2,297,673	2,299,833	2,410,552
Excess of revenue over expenses, before grants	306,180	513,274	2,558,635	2,795,703	6,173,792	4,105,649
Grants (Note 11)	(126,750)	(700,000)	(350,000)	(3,000,000)	(4,176,750)	(3,658,298)
Excess (deficiency) of revenue over expenses	179,430	(186,726)	2,208,635	(204,297)	1,997,042	447,351
Fund balances, beginning of year	889,122	284,300	682,066	3,617,787	5,473,275	5,382,600
Interfund transfers (Note 10)	32,755	-	(404,049)	-	(371,294)	(356,676)
Fund balances, end of year	1,101,307	97,574	2,486,652	3,413,490	7,099,023	5,473,275

Queensway Carleton Hospital Foundation

Notes to the financial statements

March 31, 2016

8. Restricted Fund (continued)

Funds for Designated Purposes

The fund balance as at March 31 consists of the following:

	2016	2015
	\$	\$
Designated donations to be granted to the Hospital	735,577	611,441
Undistributed endowment net investment income	365,730	277,681
	1,101,307	889,122

Parking and Gift Shop Operations Fund

Changes in fund balances for the year are as follows:

	Parking and Gift Shop Operations Fund			Total
	Operations	Invested in capital assets	Internally restricted	
	\$	\$	\$	\$
Fund balances, beginning of year	2,665,267	702,720	249,800	3,617,787
Deficiency of revenue over expenses	(204,297)	-	-	(204,297)
Net change in fund balance invested in capital assets (Note 9)	(96,417)	96,417	-	-
Internally restricted	(51,679)	-	51,679	-
	2,312,874	799,137	301,479	3,413,490

Internally restricted funds represent amounts restricted by the Foundation from net gift shop revenue, restricted for the purpose of supporting the mandate of the Hospital's Volunteer Services.

9. Net change in fund balances invested in capital assets

Changes in fund balances invested in capital assets during the year are as follows:

	2016		2015	
	General Fund	Parking and Gift Shop Operations Fund	General Fund	Parking and Gift Shop Operations Fund
	\$	\$	\$	\$
Purchase of capital assets	-	-	-	10,691
Principal repayment of long-term debt	-	597,600	-	576,787
Amortization of capital assets	(7,638)	(501,183)	(8,696)	(501,092)
Net change in fund balances invested in capital assets	(7,638)	96,417	(8,696)	86,386

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10. Interfund transfers

During the period, a net amount of \$371,294 (2015 - \$356,676) was transferred between the Restricted Fund and the General Fund, as follows (Note 8):

- \$32,755 (2015 - \$19,594) was transferred between the General Fund and the Fund for Designated Purposes, comprised as follows:
 - An amount of \$132,901 (2015 - \$119,574) was transferred from the General Fund to the Fund for Designated Purposes which represents the realized net investment income from the unrestricted endowment.
 - An amount of \$100,146 (2015 - \$91,662) was transferred from the Fund for Designated Purposes to the General Fund which represents direct salaries, benefits and fundraising costs incurred during the period for a designated gift
- An amount of \$404,049 (2015 - \$384,588) was transferred from the Advancing Care for All Ages Campaign to the General Fund, which represents the direct salaries and benefits and fundraising costs incurred during the period for the Advancing Care for All Ages Campaign (Note 2).

In addition, the following two transfers were made within the Restricted Fund:

- An amount of \$Nil (2015 - \$1,000) was transferred from Funds for Designated Purposes to the Advancing Care for All Ages Campaign which represents donation made in a prior year restricted to the Advancing Care for All Ages Campaign.
- An amount of \$Nil (2015 - \$7,318) from Funds for Designated Purposes to Care Grows West Campaign which represents funds received and designated to the Care Grows West Campaign

11. Related party transactions

An amount of \$183,597 (2015 - \$322,694) was due to the Hospital as at March 31, 2016; this amount is comprised of reimbursement of expenses incurred on the Foundation's behalf and balances due for the grants made to the Hospital.

During the year ended March 31, 2016, a total of \$4,176,750 (2015 - \$3,658,298) was granted to the Hospital consisting of contributions for capital purposes of \$4,118,824 (2015 - \$3,610,874) and other contributions of \$57,926 (2015 - \$47,424).

Included in salaries and benefits expenses in the Statement of operations is \$86,000 (2015 - \$85,000) for time spent by Hospital staff working for the Foundation.

In 2009, the Hospital entered into a twenty-year License Agreement with the Foundation whereby the Foundation has the exclusive right to operate the parking facilities in exchange for a one-time upfront license fee in the amount of \$11,927,000 plus applicable taxes, equal to the fair value of the parking facilities at the time of the agreement. The Foundation has no other license fee payments to make to the Hospital as a result of the license agreement.

In connection with the License Agreement in 2009, the Foundation and the Hospital signed two separate agreements, whereby the Foundation purchases services from the Hospital for maintenance/repair and management of the parking facilities. For the year ended March 31, 2016, the Foundation paid the Hospital \$699,000 (2015 - \$623,000) for maintenance and repairs and \$238,000 (2015 - \$226,000) for management of the parking facilities.

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12. Financial instruments

Financial risk

The financial risk arises from the fluctuations in interest rates and foreign exchange rates, and the degree of volatility of these rates.

Investment risk

Investment in financial instruments renders the Foundation susceptible to the potential risk arising from the failure of a party to a financial instrument to discharge its obligation when due. The maximum investment risk to the Foundation is equal to the fair value of the investments as disclosed in Note 4.

Foreign currency risk

Foreign currency risk arises from the Endowment's investment portfolio holdings of non-Canadian equities. The foreign content of investments total \$651,057 (2015 - \$767,737) and is comprised of \$321,309 (2015 - \$412,907) in United States-based equities and \$329,748 (2015 - \$354,830) in other international-based equities.

Concentration risk

Concentrations of risk exist when a significant proportion of the portfolio is invested in securities with similar characteristics and/or subject to similar economic, political and other conditions that may prevail. Management believes that the concentrations described below do not represent excessive risk.

The Foundation has investment policies and practices to control the amount of risk to which it is exposed. The investment practices and policies of the Foundation are designed to avoid undue risk of loss or impairment of assets and to provide a reasonable expectation of fair return given the nature of the investments.