

Financial Statements of

**THE CREDIT VALLEY
HOSPITAL FOUNDATION**

Years ended March 31, 2013 and 2012



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INDEPENDENT AUDITORS' REPORT

To the Members of The Credit Valley Hospital Foundation

We have audited the accompanying financial statements of The Credit Valley Hospital Foundation, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of operations and changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012, and notes, comprising 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an 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 our 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, we consider 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.

財務報表

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of The Credit Valley Hospital Foundation as at March 31, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Hamilton, Canada

May 22, 2013

THE CREDIT VALLEY HOSPITAL FOUNDATION

Statements of Financial Position

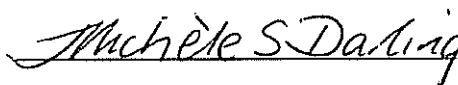
March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
Assets			
Cash	\$ 2,231,603	\$ 2,419,372	\$ 2,864,923
Investments (note 3)	9,176,046	5,808,313	5,076,469
Capital assets, net (note 4)	704	2,982	10,289
Other assets	135,686	126,791	134,816
	\$ 11,544,039	\$ 8,357,458	\$ 8,086,497
Liabilities and fund balances			
Accrued liabilities	\$ 193,328	\$ 248,758	\$ 147,810
Due to The Credit Valley Hospital and Trillium Health Centre (note 5 & 6)	81,498	39,123	110,267
Deferred revenue	3,500	46,000	338,622
Total liabilities	278,326	333,881	596,699
Fund balances:			
General Fund	2,089,667	2,215,264	2,413,329
Restricted Fund (note 8)	7,633,815	4,376,107	3,671,290
Endowment Fund	1,542,231	1,432,206	1,405,179
Total fund balances	11,265,713	8,023,577	7,489,798
	\$ 11,544,039	\$ 8,357,458	\$ 8,086,497

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

THE CREDIT VALLEY HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2013

	General fund	Restricted fund	Endowment funds	2013 Total
Revenues:				
Donations	\$ 138,961	\$ 3,541,787	\$ -	\$ 3,680,748
Donations from The Credit Valley Volunteer Partners (note 6)	-	228,185	-	228,185
Special events	-	2,137,618	-	2,137,618
Investment income	207,995	2,000	110,025	320,020
	346,956	5,909,590	110,025	6,366,571
Expenses:				
Salaries and benefits (note 11)	327,976	1,425,666	-	1,753,642
Program costs	-	1,321,239	-	1,321,239
Administrative (note 11)	45,735	103,289	-	149,024
Professional fees	58,277	-	-	58,277
Amortization	3,405	-	-	3,405
	435,393	2,850,194	-	3,285,587
(Deficiency) excess of revenues over expenses before parking operations and allocation to The Credit Valley Hospital and Trillium Health Centre	(88,437)	3,059,396	110,025	3,080,984
Revenue from parking operations (note 9)	-	7,748,302	-	7,748,302
Less: Parking operations management fees paid to The Credit Valley Hospital and Trillium Health Centre	-	5,849,076	-	5,849,076
Less: Parking lot rent paid to The Credit Valley Hospital and Trillium Health Centre	-	1,020,000	-	1,020,000
	-	879,226	-	879,226
Excess of revenues over expenses before allocation to The Credit Valley Hospital and Trillium Health Centre	(88,437)	3,938,622	110,025	3,960,210
Allocation to The Credit Valley Hospital and Trillium Health Centre (note 7)	(37,160)	(680,914)	-	(718,074)
(Deficiency) excess of revenues over expenses for the year	(125,597)	3,257,708	110,025	3,242,136
Fund balances, beginning of year	2,215,264	4,376,107	1,432,206	8,023,577
Interfund transfer (note 9)	-	-	-	-
Fund balances, end of year	\$ 2,089,667	\$ 7,633,815	\$ 1,542,231	\$ 11,265,713

THE CREDIT VALLEY HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2012

	General fund	Restricted fund	Endowment funds	2012 Total
Revenues:				
Donations	\$ 577,979	\$ 3,964,073	\$ 25	\$ 4,542,077
Donations from The Credit Valley Volunteer Partners (note 6)	-	235,000	-	235,000
Special events	-	1,986,088	-	1,986,088
Investment income	153,693	33,400	27,002	214,095
	731,672	6,218,561	27,027	6,977,260
Expenses:				
Salaries and benefits (note 11)	330,782	1,270,412	-	1,601,194
Program costs	-	960,650	-	960,650
Administrative (note 11)	45,807	99,842	-	145,649
Professional fees	71,412	-	-	71,412
Amortization	7,307	-	-	7,307
	455,308	2,330,904	-	2,786,212
Excess of revenues over expenses before parking operations and allocation to The Credit Valley Hospital and Trillium Health Centre	276,364	3,887,657	27,027	4,191,048
Revenue from parking operations (note 9)	7,802,687	-	-	7,802,687
Less: Parking operations management fees paid to The Credit Valley Hospital and Trillium Health Centre	6,167,755	-	-	6,167,755
Less: Parking lot rent paid to The Credit Valley Hospital and Trillium Health Centre	1,020,000	-	-	1,020,000
	614,932	-	-	614,932
Excess of revenues over expenses before allocation to The Credit Valley Hospital and Trillium Health Centre	891,296	3,887,657	27,027	4,805,980
Allocation to The Credit Valley Hospital and Trillium Health Centre (note 7)	(649,913)	(3,622,288)	-	(4,272,201)
Excess (deficiency) of revenues over expenses for the year	241,383	265,369	27,027	533,779
Fund balances, beginning of year	2,413,329	3,671,290	1,405,179	7,489,798
Interfund transfer (note 9)	(439,448)	439,448	-	-
Fund balances, end of year	\$ 2,215,264	\$ 4,376,107	\$ 1,432,206	\$ 8,023,577

THE CREDIT VALLEY HOSPITAL FOUNDATION

Statements of Cash Flow

Years ended March 31, 2013 and 2012

	2013	2012
Cash and investments provided by (used in):		
Operations:		
Donations and parking revenues, net of expenses	\$ 3,640,190	\$ 4,591,885
Investment income	320,020	214,095
Amortization, not requiring cash	3,405	7,307
Changes in non-cash working capital	(64,450)	(254,793)
	<hr/> 3,899,165	<hr/> 4,558,494
Investing activities:		
Purchase of capital assets	(1,127)	-
Increase in Investments	(3,367,733)	(731,844)
Grants to Hospital	(718,074)	(4,272,201)
	<hr/> (4,086,934)	<hr/> (5,004,045)
Decrease in cash	(187,769)	(445,551)
Cash, beginning of year	2,419,372	2,864,923
Cash, end of year	<hr/> \$ 2,231,603	<hr/> \$ 2,419,372

See accompanying notes to the financial statements.

THE CREDIT VALLEY HOSPITAL FOUNDATION

Notes to Financial Statements

Years ended March 31, 2013 and 2012

1. Purpose of the Organization:

The Credit Valley Hospital Foundation ("Foundation") is incorporated under the laws of Ontario as a corporation without share capital.

The Foundation is a public foundation registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for tax purposes.

The purpose of the Foundation is to raise and administer funds to provide for the needs of The Credit Valley Hospital and Trillium Health Centre ("Hospital").

On April 1, 2012, the Foundation adopted Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with the not-for-profit standards.

In accordance with the transitional provisions in the not-for-profit standards, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying the not-for-profit standards.

There were no adjustments to fund balances as at April 1, 2011 or excess of revenues over expenses for the year ending March 31, 2012 as a result of the transition.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook.

(a) 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.

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

General Fund:

The General Fund accounts for the Foundation's general fundraising and administrative activities and reports unrestricted resources available for immediate purposes.

THE CREDIT VALLEY HOSPITAL FOUNDATION

Notes to Financial Statements

Years ended March 31, 2013 and 2012

2. Significant accounting policies (continued):

(a) Fund accounting (continued):

Restricted Fund:

The Restricted Fund reports, as revenues, resources that are to be used for purposes as specified by the donor and expenses incurred related to these revenues.

Endowment Fund:

The Endowment Fund reports, as revenues, resources that are required to be maintained by the Foundation on a permanent basis. Revenues of the Endowment Fund are limited to amounts that have been restricted for endowment purposes by the external contributor.

(b) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions. Donor restricted contributions for endowment purposes are recognized as revenues in the Endowment Fund. Other donor-restricted contributions are recognized as revenues of the Restricted Fund. Unrestricted contributions are recognized as revenues of the General Fund. Contributions are recognized as revenues when received.

(c) Contributed materials and services:

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

(d) Capital assets:

Capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life in years
Computers, software and licenses	2
Furniture and other equipment	3

THE CREDIT VALLEY HOSPITAL FOUNDATION

Notes to Financial Statements

Years ended March 31, 2013 and 2012

2. Significant accounting policies (continued):

(e) Investments and investment income:

The Foundation records its investments at market. Publicly traded securities are valued based on the latest bid prices and pooled funds are valued based on reported unit values. Short-term securities are valued based on cost plus accrued income, which approximates fair value. Transactions are recorded on a settlement date basis and transaction costs are expensed as incurred.

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded as revenue in the statement of operations and changes in fund balances.

Unrestricted investment income earned on the Endowment Fund, Restricted Fund and General Fund resources is recognized as revenue of the General Fund. Restricted investment income earned on the Restricted Fund and Endowment Fund is recognized as revenue of the Restricted Fund. Investment income required to be added to the capital of the Endowment Fund is recorded as revenue of the Endowment Fund.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other 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 Foundation 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 Foundation 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.

THE CREDIT VALLEY HOSPITAL FOUNDATION

Notes to Financial Statements

Years ended March 31, 2013 and 2012

2. Significant accounting policies (continued):

(g) Allocation of expenses:

Salaries and benefits of employees working directly on specific programs and other expenses incurred with respect to specific programs are allocated to the fund in which these program revenues are recorded. Salaries and benefits of employees working on both specific programs and general support activities are allocated between the General Fund and the Restricted Funds based on an estimate of the time spent. Other expenses are allocated based on management's best estimate of usage.

(h) 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.

3. Investments:

Investments consist of the following:

	March 31, 2013	March 31, 2012	April 1, 2011
Cash and short term investments	\$ 5,909,403	\$ 2,782,360	\$ 2,145,490
High income pooled portfolio and U.S. equity pooled portfolio	3,266,643	3,025,953	2,930,979
	<u>\$ 9,176,046</u>	<u>\$ 5,808,313</u>	<u>\$ 5,076,469</u>

THE CREDIT VALLEY HOSPITAL FOUNDATION

Notes to Financial Statements

Years ended March 31, 2013 and 2012

3. Investments (continued):

The investment mix of the pooled funds is as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
Cash	4%	3%	3%
Fixed income	34%	36%	36%
Canadian equities	46%	44%	23%
U.S. equities	16%	17 %	20%
International equities	-	-	18%

Cash has been classified as investments to the extent required for the balance of investments to equal the total of the Endowment Fund and Restricted Fund balances.

4. Capital assets:

Capital assets consist of the following:

March 31, 2013	Cost	Accumulated amortization	Net book value
Computers, software and licenses	\$ 1,127	\$ 423	\$ 704
Furniture and other equipment	-	-	-
	\$ 1,127	\$ 423	\$ 704

March 31, 2012	Cost	Accumulated amortization	Net book value
Computers, software and licenses	\$ 6,617	\$ 4,350	\$ 2,267
Furniture and other equipment	4,292	3,577	715
	\$ 10,909	\$ 7,927	\$ 2,982

THE CREDIT VALLEY HOSPITAL FOUNDATION

Notes to Financial Statements

Years ended March 31, 2013 and 2012

4. Capital assets (continued):

April 1, 2011	Cost	Accumulated amortization	Net book value
Computers, software and licenses	\$ 14,675	\$ 6,714	\$ 7,961
Furniture and other equipment	5,019	2,691	2,328
	<u>\$ 19,694</u>	<u>\$ 9,405</u>	<u>\$ 10,289</u>

Capital assets with a cost of \$1,127 (2012 – nil, 2011 - \$6,894) were purchased during the year.

5. Due to The Credit Valley Hospital and Trillium Health Centre

Included in Due to The Credit Valley Hospital and Trillium Health Centre are government remittances payable of \$7,895 (2012 - \$7,067), which includes amounts payable for HST and payroll related taxes.

6. Donation from the Credit Valley Volunteer Partners:

Amounts donated by The Credit Valley Volunteer Partners, an organization independent of the Foundation, are recorded as revenue in the statement of operations and changes in fund balances.

7. Allocation to the Credit Valley Hospital and Trillium Health Centre:

During the year, the Foundation recorded \$718,074 (2012 - \$4,272,201) of grants to the Hospital, in the statement of operations and changes in fund balances, primarily for capital programs.

8. Restricted fund:

The Restricted Fund consists of funds restricted by donors and the Board of Directors (the "Board"), the details of which are as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
Donor restricted			
Phase III Campaign	\$ 6,315,140	\$ 3,936,659	\$ 3,671,290
Board restricted			
Capital equipment (note 9)	1,318,675	439,448	-
	<u>\$ 7,633,815</u>	<u>\$ 4,376,107</u>	<u>\$ 3,671,290</u>

THE CREDIT VALLEY HOSPITAL FOUNDATION

Notes to Financial Statements

Years ended March 31, 2013 and 2012

9. Parking agreement:

On May 1, 2003, the Foundation entered into an agreement to lease the parking facility owned by the Hospital. The term of the lease is 21 years with lease payments of \$85,000 per month in the first three years and an amount to be negotiated thereafter. In the event that the parties fail to negotiate and determine a new lease amount, the agreement is renewed at the previous amount. Since the parties have not negotiated a new lease amount, lease payments for the three-year period beginning May 1, 2006 continue at \$85,000 per month.

The Foundation has a management agreement with the Hospital in connection with the parking facility whereby the Hospital was appointed manager of the facility.

During 2012, the Foundation received notice from the Hospital of a change in the calculation of the management fee effective October 1, 2011. At the same time, the Foundation and the Hospital agreed that the net revenue over expenses related to parking operations would be used to support the Hospital's approved annual funding for capital equipment acquisitions. As a result, the excess earned after October 1, 2011 of \$439,448 has been transferred from the General Fund to the Restricted Fund.

Management fees and rent related to these two agreements were paid to the Hospital during the year.

10. Financial instruments:

The Foundation is subject to market risk, foreign currency risk and interest price risk with respect to its investments portfolio. To manage these risks, the Foundation has established a target mix of investment types designed to achieve the optimal return within reasonable risk tolerances.

(a) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The Foundation's investment activities are applied in accordance with investment guidelines and monitored by management, the investment manager and the Board of Directors.

THE CREDIT VALLEY HOSPITAL FOUNDATION

Notes to Financial Statements

Years ended March 31, 2013 and 2012

10. Financial instruments:

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

11. Allocation of expenses:

Salaries and benefits of employees working on both specific programs and general support of \$649,864 (2012 - \$564,300) have been included in Restricted Fund salaries and benefits and \$50,784 (2012 - \$48,569) have been included in Restricted Fund administrative expenses.