

Norfolk General Hospital Foundation
Financial Statements
March 31, 2013

Norfolk General Hospital Foundation

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INDEPENDENT AUDITORS' REPORT

To the Members of Norfolk General Hospital Foundation

We have audited the accompanying financial statements of Norfolk General Hospital Foundation, which comprise the statement of financial position as at March 31, 2013 and the statements of operations, changes in net assets and cash flow 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Norfolk General Hospital Foundation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Norfolk General Hospital Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2013, current assets and net assets as at April 1, 2012 and March 31, 2013

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Norfolk General Hospital Foundation as at March 31, 2013 and the results of its operations and its cash flow for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Norfolk General Hospital Foundation adopted Canadian Accounting Standards for Not-for-Profit Organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011 and the statements of operations, changes in net assets and cash flow for the year ended March 31, 2012 and related disclosures.

Millard, Rowe & Rosebush LLP

June 6, 2013
Simcoe, Ontario

Chartered Accountants
Licensed Public Accountants



Norfolk General Hospital Foundation

Statement of Financial Position

March 31, 2013

	March 31 2013	March 31 2012	April 1 2011
ASSETS			
Current			
Cash	\$ 355,846	\$ 452,138	\$ 833,219
Investments (Note 4)	529,388	476,338	466,426
Accounts receivable	15,330	12,572	800
HST recoverable	14,036	11,410	6,960
Prepaid expenses	21,896	18,794	5,169
	936,496	971,252	1,312,574
Equipment (Note 5)	-	1,767	3,533
	\$ 936,496	\$ 973,019	\$ 1,316,107
LIABILITIES AND NET ASSETS			
Current			
Accounts payable	\$ 4,000	\$ 9,000	\$ 3,900
Due to Norfolk General Hospital (Note 6)	7,880	6,208	6,773
	11,880	15,208	10,673
Net assets			
Unrestricted	283,784	312,770	416,650
Restricted (Note 7)	167,055	203,546	491,289
Endowment (Note 8)	473,777	441,495	397,495
	924,616	957,811	1,305,434
	\$ 936,496	\$ 973,019	\$ 1,316,107

See accompanying notes

Norfolk General Hospital Foundation

Statement of Changes in Net Assets

Year ended March 31, 2013

	Unrestricted	Restricted (Note 7)	Endowment (Note 8)	2013	2012
Net assets - beginning of year	\$ 312,770	\$ 203,546	\$ 441,495	\$ 957,811	\$ 1,305,434
Excess (deficiency) of revenue over expenses	(28,986)	(36,491)	32,282	(33,195)	(347,623)
NET ASSETS - END OF YEAR	\$ 283,784	\$ 167,055	\$ 473,777	\$ 924,616	\$ 957,811

See accompanying notes

Norfolk General Hospital Foundation

Statement of Operations Year ended March 31, 2013

	2013	2012
REVENUE		
Donations (Note 9)	\$ 902,794	\$ 811,387
Investment income	17,212	19,122
	920,006	830,509
Expenses		
Salaries and benefits	188,302	127,119
Appeal and fundraising (Note 10)	108,700	97,028
Office	29,949	23,739
Advertising and public relations	6,458	4,143
Professional fees	23,064	18,430
Amortization	1,766	1,766
	358,239	272,225
Excess of revenue over expenses before undernoted item	561,767	558,284
Other expenses		
Funds disbursed for charitable purposes (Note 11)	(594,962)	(905,907)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (33,195)	\$ (347,623)

See accompanying notes

Norfolk General Hospital Foundation

Statement of Cash Flow Year ended March 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	\$ (33,195)	\$ (347,623)
Items not affecting cash:		
Amortization	1,766	1,766
Unrealized gain on investments	10,892	(8,316)
	(20,537)	(354,173)
Changes in non-cash working capital:		
Accounts receivable	(2,758)	(11,772)
Prepaid expenses	(3,102)	(13,626)
Accounts payable	(5,000)	5,100
HST payable (recoverable)	(2,626)	(4,450)
Due to Norfolk General Hospital	1,672	(564)
	(11,814)	(25,312)
Cash flow used by operating activities	(32,351)	(379,485)
INVESTING ACTIVITY		
Purchase of investments	(63,941)	(1,596)
DECREASE IN CASH	(96,292)	(381,081)
Cash - beginning of year	452,138	833,219
CASH - END OF YEAR	\$ 355,846	\$ 452,138

See accompanying notes

Norfolk General Hospital Foundation

Notes to Financial Statements

Year ended March 31, 2013

1. PURPOSE OF THE ORGANIZATION

Norfolk General Hospital Foundation is a public foundation registered under the Income Tax Act, to receive and maintain a fund or funds and to apply from time to time all or part of the capital or income therefrom for the benefit of Norfolk General Hospital and for other medical, educational and charitable purposes as the Board of Directors decides.

2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the company adopted Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNFPPO had no impact on net assets as at April 1, 2011 or operations or cash flow for the year ended March 31, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable to the extent that the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted funds are recognized when received in the fund corresponding to the purpose for which they were contributed.

Fund accounting

The Unrestricted Fund represents amounts that are not designated for restricted programs.

The Restricted Fund combines the Internally Restricted Fund and the Externally Restricted Fund. The Internally Restricted Fund represents amounts set aside as specified by the Board. The Externally Restricted Fund represents amounts designated for a specific program by the contributor.

The Endowment Fund reports resources contributed for endowment. Investment income earned on the resources of the Endowment Fund is reported in the Unrestricted Fund.

Investments

The investments are reported at fair value at each balance sheet date. Any change in fair value is recognized in revenue in the period during which the change occurs.

Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over its estimated useful life at the following rates and methods:

Equipment	3-5 years	straight-line method
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Norfolk General Hospital Foundation

Notes to Financial Statements

Year ended March 31, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. INVESTMENTS

	2013	2012
Fixed income	\$ 458,176	\$ 409,554
Mutual funds	71,212	66,784
	\$ 529,388	\$ 476,338

5. EQUIPMENT

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Equipment	\$ 34,376	\$ 34,376	\$ -	\$ 1,767

6. DUE TO NORFOLK GENERAL HOSPITAL

The Norfolk General Hospital Foundation purchases administrative services from Norfolk General Hospital. The total of these purchased services for the year amounted to \$188,302 (2012 - \$127,119).

As at March 31, 2013 the Foundation owes the Hospital \$7,880 (2012 - \$6,208).

Norfolk General Hospital Foundation

Notes to Financial Statements

Year ended March 31, 2013

7. RESTRICTED FUND

Restricted Fund is comprised of the following:

	Opening balance	Donation receipts	Expenses and transfers	Charitable disbursements	Closing balance
Internally restricted					
CT/PACS	\$ 56,420	\$ 230	\$ (69)	\$ -	\$ 56,581
Legacy	67,691	1,400	(420)	-	68,671
	124,111	1,630	(489)	-	125,252
Externally restricted					
Detox	42,990	12,130	(3,639)	(38,730)	12,751
Education	17,909	1,000	(300)	(14,779)	3,830
Palliative	2,253	345	(103)	-	2,495
ICCU	2,779	500	(150)	-	3,129
Other	13,504	5,500	594	-	19,598
	79,435	19,475	(3,598)	(53,509)	41,803
	\$ 203,546	\$ 21,105	\$ (4,087)	\$ (53,509)	\$ 167,055

The restricted net assets identified above are included in the cash balance recorded on the Statement of Financial Position.

The above donation receipts, expenses and charitable disbursements have been included on the Statement of Operations.

Norfolk General Hospital Foundation

Notes to Financial Statements

Year ended March 31, 2013

8. FUNDS RESTRICTED BY ENDOWMENT

Funds restricted by endowment are comprised of the Endowment Fund and the Quanbury Bursary Fund.

For the Endowment Fund, the original principal must remain intact and interest earned on endowment funds is available for the general purposes of the Foundation as allowed by its objects.

For the Quanbury Bursary Fund and Hazel Race Career Advancement Fund, the original principal must remain intact and interest earned on bursary funds is available to offset staff education costs at Norfolk General Hospital which is in accordance with the original intentions of the donors.

The funds restricted by endowment are comprised of the following:

	2013	2012
Ralph C. and Bertha Bint	\$ 5,000	\$ 5,000
George Alfred Quance	5,000	5,000
Margaret Abercrombie	100	100
Alexander McCall	5,000	5,000
Carrie McCall	5,000	5,000
Martha Brooks	2,100	2,100
Emily Murray	2,346	2,346
Ruth Jamieson	5,000	5,000
Mary Josephine Donahue	1,000	1,000
John Aaron Jamieson	5,000	5,000
William Robert Horn	16,913	16,913
James Thomas Horn	24,919	24,919
Flora Bell Martin	5,000	5,000
Fred Steinhoff	86,675	86,675
Sophie Chandler	2,000	2,000
Mable V. Rowat	500	500
Frances C. Thompson	4,000	4,000
Margaret Thompson	4,000	4,000
Frances M. Reid	5,000	5,000
Priscilla H. Erwin	200	200
Frances A. Phelan	2,837	2,837
Monte M. Smith	1,000	1,000
Alison M. Farrar	5,000	5,000
John G. Farrar	48,535	48,535
Jessie H. Farrar	10,000	10,000
Pearl E. Wilson	10,000	10,000
G. Jay McKiee	5,000	5,000
Marian McKiee	2,384	2,384
Endowment Fund	269,509	269,509
Quanbury Bursary Fund	127,986	127,986
Hazel Race Career Advancement Fund	76,282	44,000
	\$ 473,777	\$ 441,495

Norfolk General Hospital Foundation

Notes to Financial Statements

Year ended March 31, 2013

9. DONATIONS

Donations during the year, categorized by major project, are as follows:

	2013	2012
Lend a hand	\$ 289,359	\$ 736,627
Operating room	317,353	-
Technology upgrade	242,695	-
Other and unspecified	53,387	74,760
	\$ 902,794	\$ 811,387

Included in donations above are the net proceeds from the Nevada Lottery. The net proceeds are recorded net of expenses paid by the Foundation to allow an independent service operator to sell Nevada tickets. During the year, the Foundation received net proceeds of \$76,738 (2012 - \$65,328) which comprised of revenue of \$171,492 (2012 - \$132,537) and expenses of \$94,754 (2012 - \$67,209).

10. APPEAL AND FUNDRAISING

Appeal and fundraising expenses are categorized as follows:

	2013	2012
Golf tournament	\$ 71,133	\$ 70,807
Holiday appeal	7,142	11,942
Legacy giving	1,045	-
Radio-a-thon	23,192	-
Spring appeal	6,188	14,279
	\$ 108,700	\$ 97,028

11. FUNDS DISBURSED FOR CHARITABLE PURPOSES

During the year the Foundation disbursed \$594,962 (2012 - \$905,907), this comprised of \$589,280 (2012 - \$905,407) for capital purposes and \$5,682 (2012 - \$500) for donor specified operating expenses, to Norfolk General Hospital.

12. PLANNED GIVING

The Norfolk General Hospital Foundation is the sole beneficiary to life insurance policies totaling \$10,000, the proceeds of which will be realized upon the death of the insured individual(s).

13. FINANCIAL INSTRUMENTS

Financial instruments consist of cash, investments, accounts receivable, accounts payable and amounts due to Norfolk General Hospital. Investments are disclosed at their fair market value. All other financial instruments are short term in nature and as such, their carrying value approximates fair value.

Norfolk General Hospital Foundation

Notes to Financial Statements

Year ended March 31, 2013

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.