

# Norfolk General Hospital Foundation

Financial Statements

March 31, 2010



**Millard, Rouse & Rosebrugh LLP**  
*Chartered Accountants*

# Norfolk General Hospital Foundation

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**Millard, Rouse & Rosebrugh LLP**  
*Chartered Accountants*

85 Robinson Street  
Simcoe, Ontario

**Auditors' Report**

To the Directors of  
Norfolk General Hospital Foundation

We have audited the statement of financial position of the Norfolk General Hospital Foundation as at March 31, 2010 and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donations was limited to ensuring that reported donations have been deposited or are in the custody of the Foundation. We were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses for the year and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2010 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

*Millard, Rouse & Rosebrugh LLP*

Simcoe, Ontario  
May 14, 2010

Chartered Accountants  
Licensed Public Accountants

OUR REPORTS AND CERTIFICATES ARE ISSUED ON THE UNDERSTANDING THAT UNLESS THEY ARE REPRODUCED IN THEIR ENTIRETY, ANY SUMMARIES THEREOF, EXCERPTS THEREFROM OR REFERENCES THERETO SHALL BE SUBMITTED TO US FOR OUR APPROVAL.

**Norfolk General Hospital Foundation**  
**Statement of Financial Position**  
As at March 31, 2010

	2010 \$	2009 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	1,176,567	1,424,386
Accounts receivable	2,517	4,169
Prepaid expenses	-	2,923
	<u>1,179,084</u>	<u>1,431,478</u>
<b>Equipment (note 3)</b>		
Cost	29,076	50,940
Accumulated amortization	<u>(26,649)</u>	<u>(42,659)</u>
	<u>2,427</u>	<u>8,281</u>
	<u>1,181,511</u>	<u>1,439,759</u>
 <b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Due to Norfolk General Hospital (note 4)	3,286	8,322
Accounts payable and accrued liabilities	<u>3,485</u>	<u>3,074</u>
	<u>6,771</u>	<u>11,396</u>
<b>Net assets</b>		
Unrestricted	539,242	444,888
Internally restricted (note 5)	136,606	363,073
Externally restricted (note 5)	101,397	222,907
Externally restricted by endowment (note 6)	<u>397,495</u>	<u>397,495</u>
	<u>1,174,740</u>	<u>1,428,363</u>
	<u>1,181,511</u>	<u>1,439,759</u>

The accompanying notes are an integral part of these financial statements

# Norfolk General Hospital Foundation

## Statement of Changes in Net Assets

For the year ended March 31, 2010

	Unrestricted \$	Internally restricted \$ (note 5)	Externally restricted \$ (note 5)	Externally restricted by endowment \$ (note 6)	Total 2010 \$	Total 2009 \$
<b>Balance - beginning of the year</b>	444,888	363,073	222,907	397,495	<b>1,428,363</b>	1,797,718
Excess of revenue over expenses for the year before undernoted item	612,956	32,529	30,275	-	<b>675,760</b>	535,141
Funds disbursed for charitable purposes	<u>(518,602)</u>	<u>(258,996)</u>	<u>(151,785)</u>	-	<u>(929,383)</u>	<u>(904,496)</u>
<b>Balance - end of the year</b>	<u>539,242</u>	<u>136,606</u>	<u>101,397</u>	<u>397,495</u>	<u>1,174,740</u>	<u>1,428,363</u>

# Norfolk General Hospital Foundation

## Statement of Operations

For the year ended March 31, 2010

	2010 \$	2009 \$
<b>Revenue</b>		
Donations (note 7)	1,038,835	897,460
Investment income	<u>8,952</u>	<u>32,441</u>
	<u>1,047,787</u>	<u>929,901</u>
<b>Expenses</b>		
Purchased services	215,915	228,745
Appeal and fundraising expenses (note 8)	101,974	97,386
Administration (note 9)	27,961	30,680
Advertising and public relations	14,912	26,268
Professional fees	5,411	5,466
Amortization	<u>5,854</u>	<u>6,215</u>
	<u>372,027</u>	<u>394,760</u>
<b>Excess of revenue over expenses for the year before undernoted item</b>	675,760	535,141
Funds disbursed for charitable purposes (note 10)	<u>(929,383)</u>	<u>(904,496)</u>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<u>(253,623)</u>	<u>(369,355)</u>

The accompanying notes are an integral part of these financial statements

# Norfolk General Hospital Foundation

## Statement of Cash Flow

For the year ended March 31, 2010

	2010 \$	2009 \$
<b>Cash provided by (applied to):</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	(253,623)	(369,355)
Items not requiring an outlay of cash:		
Amortization	<u>5,854</u>	<u>6,215</u>
	<u>(247,769)</u>	<u>(363,140)</u>
Changes in non-cash working capital amounts:		
Decrease in accounts receivable	1,652	8,481
Decrease in prepaid expenses	2,923	740
Decrease in amounts due to Norfolk General Hospital	(5,036)	(12,281)
Increase in accounts payable and accrued liabilities	<u>411</u>	<u>74</u>
	<u>(50)</u>	<u>(2,986)</u>
Total cash provided by (used in) operating activities	<u>(247,819)</u>	<u>(366,126)</u>
<b>Investing activities</b>		
Equipment purchased	<u>-</u>	<u>(7,281)</u>
Net decrease in cash for the year	(247,819)	(373,407)
Cash - beginning of the year	<u>1,424,386</u>	<u>1,797,793</u>
Cash - end of the year	<u>1,176,567</u>	<u>1,424,386</u>

The accompanying notes are an integral part of these financial statements

# Norfolk General Hospital Foundation

## Notes to the Financial Statements

For the year ended March 31, 2010

### 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 so decides.

### 2. Accounting policies

#### a) 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.

#### b) Fund accounting

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

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.

#### c) Equipment and amortization

Equipment is stated at historical cost. Amortization is provided using the straight line basis over their estimated useful lives at the following annual rates:

Computer software	5 years
Equipment	3-5 years

#### d) Funds disbursed for charitable purposes

In accordance with the requirements of the Income Tax Act, at least 80% of the receipted donations in a year plus 4.5% of the excess of a two year average amount of cash and investments normally must be disbursed for charitable purposes in the subsequent year unless prior approval is obtained from Canada Revenue Agency (CRA). These disbursements are treated as an expense in the year the funds are disbursed.

#### e) Measurement uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the period. Actual results could differ from those estimates.

# Norfolk General Hospital Foundation

## Notes to the Financial Statements

For the year ended March 31, 2010

3. Equipment	Cost \$	Accumulated amortization \$	2010 \$	2009 \$
Equipment	<u>29,076</u>	<u>26,649</u>	<u>2,427</u>	<u>8,281</u>

### 4. Due to Norfolk General Hospital

As at March 31, 2010 the Foundation owes the Hospital \$3,286 (2009 - \$8,322).

The Norfolk General Hospital Foundation purchases administrative services from Norfolk General Hospital. The total of these purchased services for the year amounted to \$215,915 (2009 - \$228,745).

### 5. Restricted assets

Restricted assets are comprised of the following:

	Opening balance \$	Donation receipts \$	Expenses \$	Charitable disbursements \$	Closing balance \$
<u>Internally restricted</u>					
CT/PACS	305,056	40,870	12,261	258,996	74,669
Legacy	<u>58,017</u>	<u>5,599</u>	<u>1,679</u>	<u>-</u>	<u>61,937</u>
	<u>363,073</u>	<u>46,469</u>	<u>13,940</u>	<u>258,996</u>	<u>136,606</u>
<u>Externally restricted</u>					
Detox	39,900	16,790	5,037	1,085	50,568
Palliative	76,810	3,111	934	51,800	27,187
Surgical and endoscopy	33,522	20,203	6,061	35,000	12,664
ICCU	67,243	776	233	63,400	4,386
Other	<u>5,432</u>	<u>2,320</u>	<u>660</u>	<u>500</u>	<u>6,592</u>
	<u>222,907</u>	<u>43,200</u>	<u>12,925</u>	<u>151,785</u>	<u>101,397</u>

The restricted net assets identified above are included in the cash position 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 the Financial Statements

For the year ended March 31, 2010

### 6. Funds restricted by endowment

#### a) Endowment funds

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.

Individual endowments are as follows:

	2010	2009
	\$	\$
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
	<u>269,509</u>	<u>269,509</u>

#### b) Quanbury Bursary 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.

	2010	2009
	\$	\$
The balance of endowment funds is comprised of the following:		
Quanbury Bursary Fund	127,986	127,986
Endowment funds	<u>269,509</u>	<u>269,509</u>
	<u>397,495</u>	<u>397,495</u>

# Norfolk General Hospital Foundation

## Notes to the Financial Statements

For the year ended March 31, 2010

### 7. Donations

	2010	2009
	\$	\$
Donations during the year, categorized by major project, are as follows:		
Lend a hand	699,924	-
Digital mammography	236,156	443,844
Other and unspecified	<u>102,755</u>	<u>453,616</u>
	<u>1,038,835</u>	<u>897,460</u>

### 8. Appeal and fundraising expenses

	2010	2009
	\$	\$
Appeal and fundraising expenses are categorized as follows:		
Holiday appeal	16,248	17,575
Golf tournament	43,743	43,103
Spring appeal	12,430	13,238
Radio-a-thon	29,553	16,945
Other fundraising expenses	<u>-</u>	<u>6,525</u>
	<u>101,974</u>	<u>97,386</u>

### 9. Administration

	2010	2009
	\$	\$
Administration expenses consist of:		
Office supplies	10,515	11,793
Postage and courier	9,203	6,722
Supplies	1,496	1,539
Software maintenance contract	5,430	5,272
Dietary catering	259	617
Minor equipment	-	1,554
Travel	828	2,710
Education	<u>230</u>	<u>473</u>
	<u>27,961</u>	<u>30,680</u>

### 10. Funds disbursed for charitable purposes

During the year the Foundation disbursed \$928,298 (2009 - \$900,544) for capital purposes, and \$1,085 (2009 - \$3,952) for staff education, at Norfolk General Hospital.

As at March 31, 2010 it is estimated that the Foundation has met its current disbursement requirements.

# Norfolk General Hospital Foundation

## Notes to the Financial Statements

For the year ended March 31, 2010

### 11. Change in accounting policy

During the year, the Norfolk General Hospital Foundation changed its accounting policy relating to revenue recognition. Previously, net assets were recorded as unrestricted and externally restricted by endowment using the deferral method of accounting for contributions. These net assets will now be reported using the restricted fund method as described in note 2a).

The change in accounting policy has been accounted for on a retroactive basis with the current and comparative figures presented as if the policy was always in place.

The following are the specific 2009 account balances affected by this policy change:

	As previously stated \$	Restated \$
Net assets		
Unrestricted	1,030,868	444,888
Internally restricted	-	363,073
Externally restricted	-	222,907

### 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, accounts receivable, amounts due to Norfolk General Hospital and accounts payable and accrued liabilities. All financial instruments are short term in nature and as such, their carrying value approximates fair value.

### 14. Capital management

The Foundation's main objective when managing capital is to ensure that there are sufficient funds available to enable the Foundation to carry out its operations in a way that maximizes charitable disbursements. This objective is considered in the preparation of an annual budget and in monitoring cash flows and actual operating results compared to budget.

As of March 31, 2010, the Foundation has met its objective of having sufficient liquid resources to meet its current obligations.

### 15. Comparative figures

Certain comparative figures have been reclassified to conform to the method of presentation adopted for the current year.