

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
FINANCIAL STATEMENTS  
AS AT MARCH 31, 2018**

DRAFT

**June 6, 2018**

**3:49 PM**

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
TABLE OF CONTENTS  
AS AT MARCH 31, 2018**

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Operations and Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 13

DRAFT

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Trenton Memorial Hospital Foundation

### Report on the Financial Statements

We have audited the accompanying financial statements of Trenton Memorial Hospital Foundation, which comprise the statement of financial position as at March 31, 2018 and the statements of operations and 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.

### Basis for Qualified Opinion

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

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Trenton Memorial Hospital Foundation as at March 31, 2018, and the results of its operations and its cash flows for the year ended March 31, 2018 in accordance with Canadian accounting standards for not-for-profit organizations.

TRENTON, Canada  
?

Chartered Professional Accountants  
Licensed Public Accountants

DRAFT

**TRENTON MEMORIAL HOSPITAL FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018**

	<u>Community Healthcare Fund</u>		<u>Restricted Funds</u>		<u>Endowment Funds</u>		<u>Total</u>	
	2018 \$ (000's)	2017 \$	2018 \$ (000's)	2017 \$	2018 \$ (000's)	2017 \$	2018 \$ (000's)	2017 \$
<b>CURRENT ASSETS</b>								
Cash	93	56	180	331	-	-	273	387
Accounts receivable	20	6	16	9	-	-	36	15
Prepaid	4	-	5	5	-	-	9	5
Amounts due from internal funds	-	-	68	35	-	-	68	35
	117	62	269	380	-	-	386	442
<b>TANGIBLE CAPITAL ASSETS - Note 4</b>								
	74	83	-	-	-	-	74	83
<b>LONG-TERM ASSETS</b>								
Investments - Note 2(b)	2,842	3,007	9,543	9,036	2,771	2,740	15,156	14,783
	3,033	3,152	9,812	9,416	2,771	2,740	15,616	15,308
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued liabilities	18	12	5	5	-	-	23	17
Amounts due to Quinte Healthcare Corporation - Notes 5 & 8	28	22	899	3,586	-	-	927	3,608
Amounts due to Kay Stafford Funding Applicants - Note 8	-	-	-	-	-	-	-	-
Amounts due to internal funds	17	10	-	-	51	25	68	35
	63	44	904	3,591	51	25	1,018	3,660
<b>FUND BALANCES</b>								
Externally restricted - Notes 6 & 7	-	-	8,908	5,825	2,720	2,715	11,628	8,540
Internally restricted - Note 6	3,000	3,000	-	-	-	-	3,000	3,000
Unrestricted	(30)	108	-	-	-	-	(30)	108
	2,970	3,108	8,908	5,825	2,720	2,715	14,598	11,648
	3,033	3,152	9,812	9,416	2,771	2,740	15,616	15,308

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**TRENTON MEMORIAL HOSPITAL FOUNDATION**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	<u>Community Healthcare Fund</u>		<u>Restricted Funds</u>		<u>Endowment Funds</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$ (000's)	\$	\$ (000's)	\$	\$ (000's)	\$	\$ (000's)	\$
<b>REVENUE</b>								
Investment income - realized	223	290	802	421	6	9	1,031	720
Investment income (loss) - unrealized	(1)	21	(75)	276	(1)	(5)	(77)	292
Special events fundraising	-	-	345	344	-	-	345	344
Donations	22	13	1,646	536	-	-	1,668	549
	244	324	2,718	1,577	5	4	2,967	1,905
<b>EXPENSES</b>								
Accounting, audit and legal	21	22	-	-	-	-	21	22
Fundraising expenses	66	67	25	9	-	-	91	76
Investment management fees	20	19	35	28	-	-	55	47
Office	-	-	1	2	-	-	1	2
Salaries and employee benefits	260	261	-	-	-	-	260	261
Special events fundraising	-	-	81	59	-	-	81	59
	367	369	142	98	-	-	509	467
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE GRANTS</b>								
	(123)	(45)	2,576	1,479	5	4	2,458	1,438
<b>GRANTS - Note 8</b>								
Quinte Healthcare Corporation	1	-	(596)	1,812	-	-	(595)	1,812
Others	14	-	89	95	-	-	103	95
	15	-	(507)	1,907	-	-	(492)	1,907
<b>EXCESS OF REVENUE OVER EXPENSES &amp; GRANTS FOR THE YEAR (EXCESS OF EXPENSES OVER REVENUE &amp; GRANTS FOR THE YEAR)</b>								
	(138)	(45)	3,083	(428)	5	4	2,950	(469)
<b>FUND BALANCES - BEGINNING OF YEAR</b>								
	3,108	3,153	5,825	6,253	2,715	2,711	11,648	12,117
<b>FUND BALANCE - END OF YEAR</b>								
	2,970	3,108	8,908	5,825	2,720	2,715	14,598	11,648

The accompanying notes form an integral part of these financial statements

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2018**

	<u>Community Healthcare Fund</u>		<u>Restricted Funds</u>		<u>Endowment Funds</u>		<u>Total</u>	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
<b>OPERATING ACTIVITIES</b>								
Excess of revenue over expenses (excess of expenses over revenue)	(138)	(45)	3,083	(428)	5	4	2,950	(469)
Adjustment for:								
Amortization of tangible capital assets	8	10	-	-	-	-	8	10
Increase (decrease) in accounts payable and accrued liabilities	6	(10)	-	(3)	-	-	6	(13)
Decrease (increase) in accounts receivable	(13)	-	(7)	16	-	-	(20)	16
Increase (decrease) in due to Quinte Healthcare Corporation	6	(2)	(2,687)	1,578	-	-	(2,681)	1,576
Increase (decrease) in interfund payables and receivables	7	(1,047)	(33)	1,129	26	(82)	-	-
Decrease (increase) in prepaid	(4)	-	-	4	-	-	(4)	4
Increase (decrease) in deferred revenue	-	-	-	2	-	-	-	2
Increase (decrease) in Kay Stafford Funding	-	-	-	(5)	-	-	-	(5)
Decrease (increase) in investments	165	1,092	(507)	(2,082)	(31)	78	(373)	(912)
<b>CASH PROVIDED FROM (USED IN)</b>								
<b>OPERATING ACTIVITIES</b>	<b>37</b>	<b>(2)</b>	<b>(151)</b>	<b>211</b>	<b>-</b>	<b>-</b>	<b>(114)</b>	<b>209</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>37</b>	<b>(2)</b>	<b>(151)</b>	<b>211</b>	<b>-</b>	<b>-</b>	<b>(114)</b>	<b>209</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>56</b>	<b>58</b>	<b>331</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>387</b>	<b>178</b>
<b>CASH - END OF YEAR</b>	<b>93</b>	<b>56</b>	<b>180</b>	<b>331</b>	<b>-</b>	<b>-</b>	<b>273</b>	<b>387</b>

The accompanying notes form an integral part of these financial statements

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

**1. PURPOSE OF THE ORGANIZATION**

The Trenton Memorial Hospital Foundation (The "Foundation") is a public Foundation incorporated for the purpose of raising and managing funds that will assist Quinte Healthcare Trenton Memorial (the "Hospital") and its healthcare professionals 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 accounting standards for not-for-profit organizations. The following summary of significant accounting policies is set forth to facilitate the understanding of these financial statements:

**(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. 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.

The Foundation follows the restricted fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.



**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

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

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

**(i) Community Health Care Fund**

The Community Health Care Fund accounts for the Foundation's general fund-raising and granting activities. This fund reports unrestricted resources available for immediate purposes and internally restricted resources available to fund continued operations.

**(ii) 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.

**(iii) 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.

**(b) Investments**

Investments are measured at fair value which 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 period.

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.

**(c) Translation of Foreign Currencies**

The cost of investments, revenues and expenses denominated in foreign currencies are translated into Canadian dollars at the transaction date.

**(d) Revenue Recognition**

Unrestricted contributions are recognized as revenue in the Community Health Care Fund in the year received. Donor restricted contributions for specific purposes are recognized as revenue in the Restricted Funds unless the principal is to be maintained permanently, in which case the contributions are recognized as revenue in the Endowment Funds.

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

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

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

**(e) 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 accounts receivable.

There are no financial liabilities measured at fair value.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts 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 excess revenue over expenses. 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.

**(f) Grant Recognition**

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

**(g) Tangible Capital Assets**

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

<b>Asset</b>	<b>Basis</b>	<b>Rate</b>
Artwork	Not applicable	Nil
Computer equipment	Declining balance	45%
Donor Wall	Straight-line	10 years

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

**3. CAPITAL REQUIREMENTS**

The Foundation's objectives with respect to capital management are to maintain a minimum capital base that allows the Foundation to continue with and execute its overall purpose as outlined in the fund balances accounting policy in Note 2. The Foundation's Board of Directors perform periodic reviews of the Foundation's capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the Foundation.

**4. TANGIBLE CAPITAL ASSETS**

	2018		2017	
	Cost \$ (000's)	Accumulated amortization \$ (000's)	Cost \$ (000's)	Accumulated amortization \$ (000's)
Donor Wall	68	44	68	37
Artwork	48	-	48	-
Computer Equipment	9	7	9	5
	<b>125</b>	<b>51</b>	<b>125</b>	<b>42</b>
Cost less accumulated amortization	<b>\$ 74</b>		<b>\$ 83</b>	

**5. COMMITMENTS**

The Board of Directors have committed the Foundation to financing the following programs on behalf of Quinte Healthcare - Trenton Memorial:

	Approved \$	Transfers \$	Balance \$
Priority Medical Equipment - 2014/2015	749,207	715,238	33,969
Priority Medical Equipment - 2016/2017	937,340	818,859	118,481
Diagnostic Renovations - 2014/2015	200,000		200,000
Priority Medical Equipment - 2017/2018	1,891,648	1,345,172	546,476

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

**6. RESTRICTED FUNDS**

The Restricted Funds consist of the following:

	2018 \$ (000's)	2017 \$ (000's)
<b>Donor-Restricted Balances</b>		
Restricted for purchase of priority capital equipment for the Trenton Memorial Hospital Restricted Commitment fund	4,051 (861)	4,446 (2,257)
Restricted for future health care services, programs, and building redevelopment in the Quinte West and Brighton Area specifically	5,718	3,636
	<b>8,908</b>	5,825
<b>Internally Imposed Restrictions</b>		
Restricted by the Board to fund continued operations	3,000	3,000
	<b>11,908</b>	8,825

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 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.

	2018 \$ (000's)	2017 \$ (000's)
<b>SO Graham</b> - The Board has been authorized by the donor to determine where the investment income each year is best utilized	10	10
<b>Joan Wheatly Nursing Education Fund</b> - The Foundation provides the investment income amount to the QHC Education Committee who evaluates the applications received from all qualifying nursing staff	151	147
<b>Pearl and Gordon Woodcox Diabetic Fund</b> - The Foundation provides the investment income amount to the QHC Education Committee who evaluates the applications received from all qualifying staff	98	97
<b>Roli and Audrey Terrill Equipment Fund</b> - The Foundation is responsible for allocating the investment income to annual equipment needs at QHC - Trenton Memorial	489	489
<b>Doris and Wes Rees Education Fund</b> - Nurses and Physicians submit applications annually to the Foundation for continuing education needs	250	250
<b>George Edward Meyers Trust Fund</b> - The Foundation is responsible for allocating the investment income to annual needs at QHC - Trenton Memorial	561	561
<b>Kay Stafford Fund</b> - Education of the Trenton Hospital staff and Trenton Hospital and community programs	1,161	1,161
	<b>2,720</b>	<b>2,715</b>

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

**8. RELATED PARTY TRANSACTIONS**

Related parties include the Quinte Healthcare Corporation and other Quinte area healthcare providers.

Transactions with these related parties have been recorded at the exchange amount and include:

- i) During the year, the Foundation transferred \$466,411 to Quinte Health Care from the Priority Medical Equipment Fund as part of the 2015/2016 fiscal commitments. An adjustment of \$292,811 was made to clear the 2015/2016 commitment.

During the year, the Foundation transferred \$572,611 to Quinte Health Care from the Priority Medical Equipment Fund as part of the 2016/2017 fiscal commitments. An adjustment of \$29,268 was made to adjust the commitment to actual.

During the year, the Foundation committed an additional \$38,040 for the purchase of 2017/2018 priority medical and non medical equipment and transferred \$1,050,233 to Quinte Health Care as part of the 2016/2017 fiscal commitments. An adjustment of \$313,331 was made to adjust the commitment to actual.

- ii) During the year, the Foundation committed \$82,397 from the Kay Stafford Fund, of which \$81,284 was transferred and \$1,113 was adjusted to clear the commitment. In addition to the current year commitment, an additional \$7,505 was transferred.

**9. FINANCIAL INSTRUMENTS**

The fair values of the Foundation's cash, accounts payable, accounts receivable and commitments approximate their carrying amounts due to the immediate and short-term nature of these financial instruments. It is not practicable to determine the fair value of the amounts due to related parties due to the non-arm's length nature of the relationship and that there are no repayment terms. The fair value of their investments are presented as long-term assets in market value.

The Foundation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. It is management's opinion that the Foundation is not exposed to significant credit risk, liquidity risk or foreign exchange rates risk from these financial instruments.

**TRENTON MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

**9. FINANCIAL INSTRUMENTS - (Cont'd)**

**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 risk, 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 instruments 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 as described in Note 2 (b).

**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 described in Note 2 (b) in these financial statements.

**10. SUBSEQUENT EVENTS**

On April 11, 2018, the Board of Directors approved commitments totalling up to \$2.7 million towards 2018/2019 medical equipment commitments.