



FINANCIAL STATEMENTS

MARCH 31, 2014

*Our Vision : Outstanding support of Windsor Regional Hospital through innovative and progressive fund development.
No exceptions!*

Our Mission : To raise funds and awareness for Windsor Regional Hospital.



KPMG LLP
Chartered Accountants
618 Greenwood Centre
3200 Deziel Drive
Windsor ON N8W 5K8

Telephone (519) 251-3500
Telefax (519) 251-3530
(519) 251-3540
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Windsor Regional Hospital Foundation

We have audited the accompanying financial statements of Windsor Regional Hospital Foundation, which comprise the statement of financial position as at March 31, 2014, the statements of operations and changes in fund balances and cash flows for the year then ended, 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 controls as management determines is necessary to enable the preparation of the 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 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 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 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 qualified audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

KPMG Confidential



Basis for Qualified Opinion

In common with many charitable organizations, Windsor Regional Hospital Foundation derives revenue from donations, various fund raising events and parking, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Windsor Regional Hospital Foundation and we were not able to determine whether any adjustments might be necessary to revenue from donations, various fund raising events and parking, and deficiency of revenue over expenses, assets and fund balances.

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 Windsor Regional Hospital Foundation as at March 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

September 30, 2014

Windsor, Canada

WINDSOR REGIONAL HOSPITAL FOUNDATION

(Incorporated without share capital under the laws of Ontario)

Statement 1

STATEMENT OF FINANCIAL POSITION

March 31, 2014
(amounts stated in 000's)

	General Fund	Restricted Funds	Johnson Endowment Fund	Ozad Fund	Glengarda Legacy Fund	March 31, 2014 Total	March 31, 2013 Total
ASSETS							
Interest bearing deposits (Note 6)	\$ 175	\$ 199	\$ 31	\$ 18	\$ 146	\$ 569	\$ 1,078
Accrued interest and other receivables	56	64	-	-	-	120	52
Prepaid expenses	55	-	-	-	-	55	103
Investments (Note 4)	5,840	6,665	-	524	-	13,029	10,549
Artwork	-	-	-	-	-	-	3
	6,126	6,928	31	542	146	13,773	11,785

LIABILITIES AND FUND BALANCES

LIABILITIES:							
Accrued liabilities	13	30	-	-	-	43	27
Due to Windsor Regional Hospital (Note 3)	326	958	-	-	-	1,284	965
Deferred revenue (Note 5)	-	56	-	-	-	56	28
Fund balances:	339	1,044	-	-	-	1,383	1,020
Unrestricted net assets	5,787	-	-	-	-	5,787	5,199
Restricted net assets	-	5,884	31	542	146	6,603	5,566
Commitments (Note 9)	5,787	5,884	31	542	146	12,390	10,765
	-	-	-	-	-	-	-
	6,126	6,928	31	542	146	13,773	11,785

See accompanying notes to financial statements

On behalf of the Board:



Ilias Kiritzis
Chairperson



Mark P. Fathers
Treasurer

STATEMENT OF CASH FLOWS

Year ended March 31, 2014
(amounts stated in 000's)

	2014	2013
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 1,625	\$ (688)
Add items not involving cash:		
Unrealized loss (gain) on investments	(1,162)	(656)
Loss on write down or artwork	-	-
	463	(1,344)
CASH FROM CHANGE IN OPERATING BALANCES	27	(247)
CASH FLOW FROM (USED FOR) INVESTING AND FINANCING ACTIVITIES		
Due to Windsor Regional Hospital, net	319	330
Investments, net of transfers to/from interest bearing deposits	(1,318)	(288)
	(999)	42
Decrease in interest bearing deposits during the year	(509)	(1,549)
Interest bearing deposits, beginning of year	1,078	2,627
Interest bearing deposits, end of year	\$ 569	\$ 1,078

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2014

1. **Nature of Foundation:**

The Windsor Regional Hospital Foundation (Foundation) is established to collect and administer donations and bequests on behalf of the Windsor Regional Hospital (Hospital). The Foundation is a registered charity incorporated in the Province of Ontario without share capital and is classified as a public foundation under Section 149.1(1)(g) of the Income Tax Act (Canada) and as such, is exempt from income tax.

2. **Significant accounting policies:**

The financial statements of the Foundation have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Standards in Part III of the CICA Handbook. 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 uses 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 of Directors.

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

i) **General Fund**

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

ii) **Restricted Funds**

The Restricted Funds reports, as revenues, resources that are to be used for specific purposes as specified by the donor and as expenses, the use of these resources for the specified purposes. Included within these funds are the unspent Bingo and Lottery accounts, which must be used for the specific purposes as stated on their related licenses.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2014

2. Significant accounting policies: (Cont'd)

iii) OZAD Fund

The Ozad Fund reports resources used to cover the operating costs of the Joseph Ozad Applied Research Institute for Developmental Disabilities.

iv) Johnson Endowment Fund

The income earned in "The Daniel William Johnson Memorial Education Fund Endowment" is to be used for the purposes of providing pain management education to the staff of Windsor Regional Hospital Oncology Unit. In addition, two staff will be acknowledged on an annual basis for their outstanding effort in the area of pain management in the delivery of care to patients.

v) Glengarda Legacy Fund

The Glengarda Legacy Fund allows for the spending of up to \$4,000 per year for the benefit of children aged 6 to 12 years old who are recipients of children's mental health services at Windsor Regional Hospital or its successors thereof. The annual payments should be for the purchase of toys, books, technology for children, tutoring, clothes, shoes, backpacks, camps and excursions for children provided such items are not funded by the Province of Ontario.

b) Interest bearing deposits

Interest bearing deposits include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

Investment income earned on the Ozad Fund, Restricted Funds, Johnson Endowment Fund or Glengarda Legacy Fund is recognized as revenue within these specific funds.

c) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year for the benefit of the Foundation. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2014

2. Significant accounting policies: (Cont'd)

d) 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant estimates include the valuation of financial instruments. Actual results could differ from those estimates.

e) Revenue Recognition

Contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred, provided the amount to be received or receivable, can be reasonably estimated and collection is reasonably assured. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Investment income is recognized as earned and allocated proportionately to the various funds. Unrealized gains or losses on investments are allocated in a similar manner.

Parking revenue is recognized as it is collected.

f) Financial Instruments

The Foundation has recorded its financial investments at fair value. For bonds and equities, fair value is determined by quoted market prices and the change in market value is presented as an increase (decrease) to the investment and as an unrealized gain (loss) on the investments. All other financial instruments are subsequently recorded at cost or amortized cost as the Foundation has not elected to carry such financial instruments at fair value.

g) Allocation of Expenses

Expenses, which include salaries, benefits and other supplies and expenses (including general fundraising expenses) incurred specifically for a fundraising initiative are applied against the revenues received from that initiative. Expenses incurred by the Foundation not specifically identified to a particular fundraising initiative will be first charged to the general fund up to the level of the unspecified donations received in that particular year and then to the rest of the restricted funds on a pro-rata basis.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2014

2. Significant accounting policies: (Cont'd)

Investment management fees are allocated proportionately to the various funds based on the percentage of investment income allocated to that fund for the fiscal year.

Donation expenses to the Hospital are specifically assigned to the fund to which they relate.

3. Related party transactions:

The receipt and disbursement of Foundation funds is administered by the Hospital. In 2014, the Foundation donated \$2,712,000 (\$4,007,000 in 2013) towards the costs incurred by the Hospital for capital improvements, the employee tuition assistance program and the operating costs of the Joseph Ozad Applied Research Institute for Developmental Disabilities. Any balance owing to the Hospital for the payment of the above donations, net of the reimbursement of operating costs of the Foundation, is recorded as due to Windsor Regional Hospital on the statements of financial position and are settled as mutually agreed upon in the next fiscal year.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2014

4. Investments:

The Foundation has placed a portion of its assets with a professional investment manager. These externally managed funds are comprised of the following expressed in 000's:

	(Amounts in 000's)					
	March 31, 2014			March 31, 2013		
	Market Value	Cost	Allocation at Market Value	Permissible Range	Market Value	Cost
<u>Short term fund</u>						
Cash equivalents	\$ 169	\$ 169	100%	20 – 80%	\$ 73	\$ 73
Domestic bonds	—	—		20 – 80%	101	102
Total	<u>\$ 169</u>	<u>\$ 169</u>			<u>\$ 174</u>	<u>\$ 175</u>
<u>Long term fund</u>						
Cash equivalents	\$ 618	\$ 612	4.8%	0 – 15%	\$ 367	\$ 367
Domestic bonds	3,979	3,914	30.9%	25 – 55%	3,160	3,058
Domestic equities	4,146	3,656	32.2%	18 – 60%	3,456	3,361
Global equities	<u>4,117</u>	<u>3,013</u>	32.1%	5 – 35%	<u>3,392</u>	<u>3,084</u>
Total	<u>\$12,860</u>	<u>\$11,195</u>			<u>\$10,375</u>	<u>\$ 9,870</u>
Total investments	<u>\$13,029</u>	<u>\$11,364</u>			<u>\$10,549</u>	<u>\$10,045</u>

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2014

5. Deferred revenue and bingo and lottery bank account activity:

Included in the restricted fund's interest bearing deposits are the following accounts:

	(000's)		
	<u>Bingo Account</u>	<u>Nevada</u>	<u>Total</u>
Bank balance/deferred revenue – March 31, 2013	\$ 21	\$ 7	\$ 28
Interest income	-	-	-
Proceeds received, net	15	24	39
License fees and ticket supply costs	-	(11)	(11)
Equipment purchased on behalf of Hospital	<u>-</u>	<u>-</u>	<u>-</u>
Bank balance/deferred revenue – March 31, 2014	<u>\$ 36</u>	<u>\$ 20</u>	<u>\$ 56</u>

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2014

5. Deferred revenue and bingo and lottery bank account activity: (Cont'd)

The deferred revenue reported in the Restricted Fund on the statements of financial position represents restricted net proceeds from Bingo and Nevada sales raised during the year, but not yet used to purchase equipment on behalf of the Hospital.

Included in other income (Restricted Fund) on the statements of operations and changes in fund balances is revenue recognized from Bingo and Nevada proceeds.

6. Parking agreement:

On July 1, 2011, the Foundation entered into an agreement to lease the parking facilities owned by Windsor Regional Hospital. The term of the lease is twenty-one (21) years with lease payments of \$42,750 per month in the first three years of the agreement and an amount to be negotiated thereafter. The Foundation also has a management agreement with the Hospital in connection with the parking facilities whereby the Hospital was appointed manager of the facility. The management fees and rent related to these two agreements are paid to the Hospital each month. The net parking revenue retained by the Foundation and the management fees and rent paid to the Hospital is summarized below:

	<u>Year ended</u> <u>March 31, 2014</u>	<u>Year ended</u> <u>March 31, 2013</u>
Revenue from parking operations	\$ 476,000	\$1,501,000
Rent paid to the Hospital	(193,000)	(580,000)
Management fees paid to the Hospital	<u>(283,000)</u>	<u>(753,000)</u>
Net parking revenue	\$ <u> -</u>	\$ <u> 168,000</u>

As part of these agreements, the Hospital assumes all liabilities related to the parking facilities.

In March 2012, the Federal Government introduced changes to the Federal Excise Tax Act which provided no incentive of continuing with this agreement. As a result, in July 2013, the related parking agreements between the Hospital and the Foundation were terminated.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2014

7. Donation pledges:

As at March 31, 2014, an amount of \$2,220,000 (March 31, 2013 - \$3,445,000) has been pledged as future donations to the Foundation. These pledges will be recorded as donation revenue as they are received. The anticipated collection of these amounts is as follows:

2015	\$ 890,000
2016	717,000
2017	291,000
2018	112,000
2019 and beyond	<u>210,000</u>
Total	<u>\$2,220,000</u>

In addition to these pledges, the Foundation promotes "Planned Giving" through the use of bequests and gifts of life insurance. Due to the nature of these pledges, the ultimate amount and timing of its receipts is not determinable at this time and is not included in the above pledge balance.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2014

8. Foundation expenses:

The Foundation endeavors to maximize the funds available for investment and donation to the Hospital by minimizing its cost of fundraising and its cost to manage its assets in support of its charitable objects. Its costs as a percentage of revenue are as follows:

	<u>2014</u>	<u>2013</u>	<u>Target</u>
Ratio of fundraising expenses to fundraising revenue	18.6%	22.6%	less than 20%
Ratio of total expenses to total revenue	21.6%	24.9%	less than 25%

For purposes of the above calculations, donations to the Hospital, parking revenue and expenses and unrealized gains or losses on investments are excluded.

9. Financial risks:

a) 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 budgets and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2013.

b) Interest rate and market value risk

The Foundation is exposed to interest rate risk and fluctuating market value risk on its investments. The investments most susceptible to this risk are described in Note 4.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2014

10. Amalgamation:

On May 23, 2014, it was announced that Windsor Regional Hospital Foundation and Hôtel-Dieu Grace Hospital Foundation merged and would be carrying on business as Windsor/Essex Hospitals Foundation.

The objects of the merged Foundation include:

- a) To receive and maintain a fund or funds and to apply from time to time all or part of the principal and the income therefrom for charitable purposes carried on by, in connection with, in relation to, for the benefit of or to enhance or improve services provided by or the facilities of Hôtel-Dieu Grace Healthcare and Windsor Regional Hospital (the "Hospitals") or for any other charitable organization or charitable organizations operating in conjunction with or with a view to benefiting either of the Hospitals or their clients or patients, and/or for such other purposes as the Board may deem to be in the best interest of the Hospitals.
- b) To establish, equip, maintain and operate facilities for the benefit of the Hospitals.
- c) To promote the advancement of education by providing scholarships and tuition assistance to individuals pursuing continuing studies and research in the field of healthcare.
- d) To do such activities that are incidental and ancillary to the foregoing objects including, without limitation, activities in conjunction with or with a view to benefiting the Hospitals or in respect of joint initiatives with any other charitable organization or Foundation (including other hospitals or universities) which the Amalgamated Corporation determines to be for the benefit of the Hospitals.