

FINANCIAL STATEMENTS

MARCH 31, 2018

Our Vision: A fully engaged community supporting Windsor Regional Hospital.

Our Mission: To promote public awareness and encourage philanthropy in support of Windsor Regional Hospital.



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Windsor Regional Hospital Foundation

We have audited the accompanying financial statements of the Windsor Regional Hospital Foundation, which comprise the statement of financial position as at March 31, 2018, 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.



Basis for Qualified Opinion

In common with many charitable organizations, the Windsor Regional Hospital Foundation derives revenue from donations and various fund raising events, 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 the Windsor Regional Hospital Foundation and we were not able to determine whether any adjustments might be necessary to revenue from donations and various fund raising events, and excess 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 the Windsor Regional Hospital Foundation as at March 31, 2018, and its results of operations and its cash flows for the period then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada
June 14, 2018

WINDSOR REGIONAL HOSPITAL FOUNDATION
(Incorporated without share capital under the laws of Ontario)

Statement 1

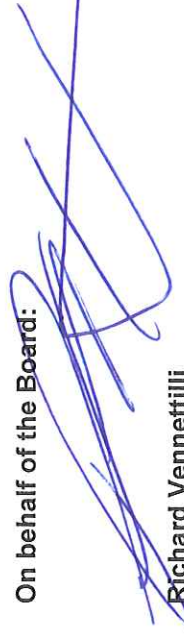
STATEMENT OF FINANCIAL POSITION

March 31, 2018
(amounts stated in 000's)
(with comparative amounts to March 31, 2017)

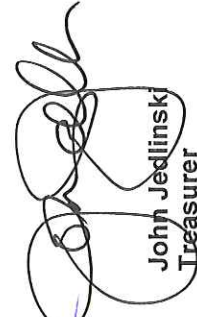
	General Fund	Restricted Funds	Johnson Endowment Fund	March 31, 2018 Total	March 31, 2017 Total
ASSETS					
Interest bearing deposits	\$ 136	\$ 871	\$ 76	\$ 1,083	\$ 2,167
Accrued interest and other receivables	13	85	-	98	114
Prepaid expenses	49	-	-	49	61
Investments (Note 4)	2,068	14,792	-	16,860	16,417
	2,266	15,748	76	18,090	18,759
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued liabilities	4	26	-	30	40
Due to Windsor Regional Hospital (Note 3)	261	2,892	-	3,153	690
Deferred revenue (Note 5)	-	74	-	74	74
Fund balances:	265	2,992	-	3,257	804
Unrestricted net assets	2,001	-	-	2,001	2,121
Restricted net assets	-	12,756	76	12,832	15,834
Commitments (Note 8)	2,001	12,756	76	14,833	17,955
	-	-	-	-	-
	2,266	15,748	76	18,090	18,759

See accompanying notes to financial statements

On behalf of the Board:



Richard Vennettilli
Chairperson



John Jedlinski
Treasurer

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)
(amounts stated in 000's)

	General Fund		Restricted Funds		Johnson Endowment Fund		Total
	2018	2017	2018	2017	2018	2017	
REVENUE							
Donations (Note 6)	\$ 218	\$ 320	\$ 678	\$ 553	\$ 15	\$ 2	\$ 911
Other income	-	-	1,399	1,214	-	-	1,399
Investment income	73	94	668	868	1	-	742
Unrealized gain on investments	-	96	-	716	-	-	-
	291	510	2,745	3,351	16	2	3,052
EXPENSES							
Salaries and benefits	81	134	295	241	-	-	376
Other supplies and expenses	131	183	480	331	-	-	611
Investment management fees	10	9	90	85	-	-	100
Donations to Hospital (Note 3)	118	713	4,447	4,147	-	-	4,565
Unrealized loss on investments	71	-	451	-	-	-	522
	411	1,039	5,763	4,804	-	-	6,174
Excess (deficiency) of revenue over expenses	(120)	(529)	(3,018)	(1,453)	16	2	(3,122)
Fund balances, beginning of year	2,121	2,650	15,774	17,227	60	58	17,955
Fund balances, end of year	\$2,001	\$2,121	\$12,756	\$15,774	\$ 76	\$ 60	\$14,833
							\$17,955

See accompanying notes to financial statements

STATEMENT OF CASH FLOWS

For the year ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)
(amounts stated in 000's)

	2018	2017
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (3,122)	\$ (1,980)
Add item not involving cash:		
Unrealized loss (gain) on investments	522	(812)
	(2,600)	(2,792)
CASH FROM CHANGE IN OPERATING BALANCES	18	(43)
CASH FLOW FROM (USED FOR) INVESTING AND FINANCING ACTIVITIES		
Due to Windsor Regional Hospital, net	2,463	388
Investments, net of transfers to/from interest bearing deposits	(965)	(1,214)
	1,498	(826)
Decrease in interest bearing deposits during the year	(1,084)	(3,661)
Interest bearing deposits, beginning of year	2,167	5,828
Interest bearing deposits, end of year	\$ 1,083	\$ 2,167

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2018

1. Nature of Foundation:

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.

The objects of the 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 Windsor Regional Hospital or for any qualified donees as defined in subsection 149.1(1) of the Income Tax Act (Canada) that operate in conjunction with or with a view to benefiting the Windsor Regional Hospital or its clients or patients, and/or for such other purposes as the Board may deem to be in the best interest of the Windsor Regional Hospital.
- b) To establish, equip, maintain and operate facilities for the benefit of Windsor Regional Hospital.
- 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 charitable purposes including, without limitation, activities in conjunction with or with a view to benefiting the Windsor Regional Hospital or any other charitable organization, health service provider, or foundation (including other hospitals or universities) which the Corporation determines to be for the benefit of the Windsor Regional Hospital who provide health related services and/or support to residents of the Windsor Regional Hospital's catchment area.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2018

2. Significant accounting policies:

The financial statements of the Foundation have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations 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.

iii) 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.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2018

2. Significant accounting policies: (Cont'd)

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 Restricted Funds and the Johnson Endowment 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.

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.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2018

2. Significant accounting policies: (Cont'd)

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.

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 Hospitals are specifically assigned to the fund to which they relate.

3. Related party transactions:

The receipt and disbursement of Foundation funds is administered by Windsor Regional Hospital. In 2018, the Foundation donated \$4,565,000 (\$4,860,000 – 2017) towards the costs incurred by the Hospitals for capital improvements, the employee tuition assistance program and for minor operating expenses within various hospital departments. Any balance owing to the Hospitals 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 statement 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, 2018

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, 2018				March 31, 2017		
	Market Value	Cost	Allocation at Market Value	Permissible Range	Market Value	Cost
<u>Short term fund</u>						
Cash equivalents	\$ 170	\$ 170	100%	20 – 80%	\$ 169	\$ 169
Domestic bonds	—	—		20 – 80%	—	—
Total	<u>\$ 170</u>	<u>\$ 170</u>			<u>\$ 169</u>	<u>\$ 169</u>
<u>Long term fund</u>						
Cash equivalents	\$ 662	\$ 662	4.0%	0 – 15%	\$ 908	\$ 908
Domestic bonds	5,398	5,548	32.3%	25 – 55%	5,164	5,167
Domestic equities	6,628	6,234	39.7%	18 – 60%	6,355	5,601
Global equities	<u>4,002</u>	<u>2,748</u>	24.0%	5 – 35%	<u>3,821</u>	<u>2,551</u>
Total	<u>\$16,690</u>	<u>\$15,192</u>			<u>\$16,248</u>	<u>\$14,227</u>
Total investments	<u>\$16,860</u>	<u>\$15,362</u>			<u>\$16,417</u>	<u>\$14,396</u>

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2018

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, 2017	\$ 33	\$ 41	\$ 74
Interest income	-	1	1
Proceeds received, net	20	33	53
License fees and ticket supply costs	-	(14)	(14)
Equipment purchased on behalf of Hospital	<u>(29)</u>	<u>(11)</u>	<u>(40)</u>
Bank balance/deferred revenue – March 31, 2018	<u>\$ 24</u>	<u>\$ 50</u>	<u>\$ 74</u>

The deferred revenue reported in the Restricted Fund on the statement 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 statement of operations and changes in fund balances is revenue recognized from Bingo and Nevada proceeds.

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2018

6. Donation pledges:

As at March 31, 2018, an amount of \$855,000 (\$1,038,000 in 2017) 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:

2019	\$ 472,000
2020	299,000
2021	22,000
2022	42,000
2023 and beyond	<u>20,000</u>
Total	<u>\$ 855,000</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.

7. 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>2018</u>	<u>2017</u>	<u>Foundation's Policy Target</u>
Ratio of fundraising expenses to fundraising revenue	38.7%	35.4%	less than 25%
Ratio of total expenses to total revenue	35.6%	32.3%	less than 30%

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

WINDSOR REGIONAL HOSPITAL FOUNDATION

Notes to Financial Statements

YEAR ENDED MARCH 31, 2018

8. Commitments:

The Foundation has committed its financial support to Windsor Regional Hospital for the Cath Lab/Day Surgery Relocation project in the amount of \$4.8 million. This project is still awaiting approval from the Ministry of Health and Long Term Care before it can proceed.

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.

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.

c) Currency risk

Currency risk relates to the Foundation investing through its professional investment manager (Note 4) in global equities. Fluctuations of exchange rates may positively or negatively affect the market value of these investments. The Foundation's investment policy limits the range of exposure to non-Canadian currencies to 5 – 35% of the total investment portfolio.

10. Comparative information:

Certain comparative figures have been reclassified to conform to this year's financial statement presentation.