

Financial Statements of

**KINGSTON GENERAL HOSPITAL  
AUXILIARY**

Year ended March 31, 2016

# KINGSTON GENERAL HOSPITAL AUXILIARY

## Financial Statements

Year ended March 31, 2016

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## INDEPENDENT AUDITORS' REPORT

To the Directors of Kingston General Hospital Auxiliary

We have audited the accompanying financial statements of the Kingston General Hospital Auxiliary, which comprise the statement of financial position as at March 31, 2016, the statements of receipts, disbursements and surplus for the general fund, café, gift shop, memorial fund, lottery booth and HELPP 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 non-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.

### *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 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 our 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, 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 audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Kingston General Hospital Auxiliary as at March 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

June 13, 2016

Kingston, Canada

# KINGSTON GENERAL HOSPITAL AUXILIARY

## Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
<b>Assets</b>		
Current assets:		
Cash	\$ 252,320	\$ 256,720
Accounts receivable	1,859	5,449
Inventories	131,937	114,898
Prepaid expenses	—	17,500
	386,116	394,567
Loan receivable from Kingston General Hospital (note 2)	400,000	400,000
	\$ 786,116	\$ 794,567

## Liabilities, Reserve and Surplus

Current liabilities:		
Accounts payable and accrued liabilities	\$ 28,464	\$ 39,935
Capital reserve - Café	100,000	50,000
Surplus	657,652	704,632
	\$ 786,116	\$ 794,567

See accompanying notes to financial statements.

Approved on behalf of the Board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# KINGSTON GENERAL HOSPITAL AUXILIARY

## Statement of Receipts, Disbursements and Surplus

Year ended March 31, 2016, with comparative information for 2015

	2016						2015
	General Fund	Café	Gift Shop	Memorial Fund	Lottery Booth	HELPP	Total
Receipts:							
Revenue	\$ 96,012	\$ 1,140,386	\$ 779,520	\$ 310	\$ 19,418	\$ 7,152	\$ 2,042,798
Cash transfers	423,000	—	—	—	—	—	423,000
	519,012	1,140,386	779,520	310	19,418	7,152	2,465,798
Disbursements:							
Expenses	77,704	866,021	603,917	—	2,693	2,843	1,553,178
Cash transfers	—	226,000	180,000	—	17,000	—	423,000
Donations to Kingston General Hospital (note 3)	485,600	—	—	—	—	1,000	486,600
	563,304	1,092,021	783,917	—	19,693	3,843	2,462,778
Excess of receipts over disbursements (disbursements over receipts)	(44,292)	48,365	(4,397)	310	(275)	3,309	3,020
Surplus, beginning of year	515,470	26,700	136,165	3,397	16,501	6,399	704,632
Capital reserve - Café	—	(50,000)	—	—	—	—	(50,000)
Surplus, end of year	\$ 471,178	\$ 25,065	\$ 131,768	\$ 3,707	\$ 16,226	\$ 9,708	\$ 657,652

See accompanying notes to financial statements.

# KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - General Fund

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Receipts:		
Millennium Fundraising	\$ 53,299	\$ 64,291
Hair care salon	10,346	11,074
Students	12,831	844
Special projects, net	6,475	6,314
Interest on investments	5,012	5,582
Membership fees	1,050	2,140
Donations - general	2,639	1,553
Donations - Family Services	4,360	3,866
	96,012	95,664
Disbursements:		
Salaries	39,177	39,866
Hair care salon	14,139	14,377
Travel - conventions and seminars	3,297	5,534
Patients' comforts and gifts	499	344
Service charges	3,578	3,470
Parking donation	1,690	1,312
Operating expenses	5,646	4,459
Miscellaneous/service charges	9,678	10,845
	77,704	80,207
Excess of receipts over disbursements	18,308	15,457
Surplus, beginning of year	515,470	525,713
Transfers from:		
Café	226,000	218,000
Gift shop	180,000	215,000
Lottery booth	17,000	18,000
Donations to Kingston General Hospital	(485,600)	(476,700)
Surplus, end of year	\$ 471,178	\$ 515,470

See accompanying notes to financial statements.

# KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Café

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Receipts	\$ 1,140,386	\$ 1,107,975
Cost of goods sold:		
Inventory, beginning of year	10,781	9,960
Purchases	485,746	484,510
	496,527	494,470
Inventory, end of year	(10,118)	(10,781)
	486,409	483,689
Gross profit	653,977	624,286
Gross profit % of receipts	57.3%	56.3%
Disbursements:		
Equipment	2,355	7,178
Salaries	346,176	348,569
Repairs and replacements	7,929	2,280
Sundry	10,563	9,305
Lease	12,589	12,064
	379,612	379,396
Excess of receipts over disbursements	274,365	244,890
Surplus, beginning of year	26,700	24,810
Transfer to General Fund	(226,000)	(218,000)
Transfer to Capital Reserve	(50,000)	(25,000)
Surplus, end of year	\$ 25,065	\$ 26,700

See accompanying notes to financial statements.



# KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Gift Shop

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Receipts	\$ 779,520	\$ 755,875
Cost of goods sold:		
Inventory, beginning of year	100,127	97,176
Purchases	473,682	449,740
	573,809	546,916
Inventory, end of year	(119,074)	(100,127)
	454,735	446,789
Gross profit	324,785	309,086
Gross profit % of receipts	41.7%	40.9%
Disbursements:		
Salaries	90,792	82,394
Lease	11,638	12,163
Parking - volunteer staff	20,496	19,248
Sundry	26,256	16,525
	149,182	130,330
Excess of receipts over disbursements	175,603	178,756
Surplus, beginning of year	136,165	172,409
Transfer to General Fund	(180,000)	(215,000)
Surplus, end of year	\$ 131,768	\$ 136,165

See accompanying notes to financial statements.

# KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Memorial Fund

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Receipts:		
Donations	\$ 310	\$ 3,943
Disbursements:		
Donation to Kingston General Hospital	—	7,000
Excess of receipts over disbursements (disbursements over receipts)	310	(3,057)
Surplus, beginning of year	3,397	6,454
Surplus, end of year	\$ 3,707	\$ 3,397

See accompanying notes to financial statements.

# KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Lottery Booth

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Receipts:		
Commissions on ticket sales	\$ 16,183	\$ 15,555
Commissions on prizes	3,235	3,285
	19,418	18,840
Disbursements:		
Bank charges	49	41
OLG charges	210	251
Parking	2,420	1,855
Miscellaneous	14	191
	2,693	2,338
Excess of receipts over disbursements	16,725	16,502
Surplus, beginning of year	16,501	17,999
Transfer to General Fund	(17,000)	(18,000)
Surplus, end of year	\$ 16,226	\$ 16,501

See accompanying notes to financial statements.

# KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - HELPP

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Receipts:		
Interest	\$ —	\$ 8
Ticket sales	7,152	7,541
	7,152	7,549
Cost of ticket sales:		
Ticket purchases/Provincial license	1,522	3,372
Purchases	357	357
	1,879	3,729
Gross profit	5,273	3,820
Disbursements:		
Bank charges	—	30
Miscellaneous	964	988
Donations to Kingston General Hospital	1,000	4,400
	1,964	5,418
Excess of receipts over disbursements (disbursements over receipts)	3,309	(1,598)
Surplus, beginning of year	6,399	7,997
Surplus, end of year	\$ 9,708	\$ 6,399

See accompanying notes to financial statements.

# KINGSTON GENERAL HOSPITAL AUXILIARY

## Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of receipts over disbursements (disbursements over receipts)	\$ 3,020	\$ (25,750)
Change in non-cash operating working capital:		
Accounts receivable	3,590	7,115
Inventories	(17,039)	(4,993)
Prepaid expenses	17,500	(17,500)
Accounts payable	(11,471)	11,313
Decrease in cash	(4,400)	(29,815)
Cash, beginning of year	256,720	286,535
Cash, end of year	\$ 252,320	\$ 256,720

See accompanying notes to financial statements.

# KINGSTON GENERAL HOSPITAL AUXILIARY

Notes to Financial Statements

Year ended March 31, 2016

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Kingston General Hospital Auxiliary (the "Auxiliary") operates a café, gift shop and lottery booth at Kingston General Hospital ("Hospital") and undertakes various fundraising activities to assist the Hospital.

## 1. Significant accounting policies:

### (a) Revenue recognition:

Revenue is recognized when services are provided or the goods are sold.

### (b) Inventories:

Inventories are valued at the lower of cost and replacement cost.

### (c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Auxiliary has not elected to subsequently carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Auxiliary determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Auxiliary expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (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 date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are reported in the period in which they become known.

# KINGSTON GENERAL HOSPITAL AUXILIARY

Notes to Financial Statements, continued

Year ended March 31, 2016

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## **2. Related party transactions:**

The Auxiliary raises funds for Kingston General Hospital to be allocated to special gifts in a manner satisfactory to the administration of Kingston General Hospital.

During the year, the Auxiliary donated \$486,600 (2015 - \$488,100) to Kingston General Hospital. Also, the Auxiliary has a loan receivable of \$400,000 (2015 - \$400,000) from the Hospital which is payable on demand.

## **3. Financial risk and concentration of risk:**

Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Auxiliary is exposed to credit risk with respect to the loan receivable from Kingston General Hospital. The Auxiliary assesses, on a continuous basis, the loan receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The allowance for doubtful accounts as at March 31, 2016 is \$Nil (2015 - \$Nil).

## **4. Comparative information:**

Certain 2015 comparative information has been reclassified to conform to the financial statement presentation adopted for 2016.