

Financial Statements of

**KINGSTON GENERAL HOSPITAL
AUXILIARY**

Year ended March 31, 2017

KINGSTON GENERAL HOSPITAL AUXILIARY

Financial Statements

Year ended March 31, 2017

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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, 2017, 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, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-profit organizations.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

June 12, 2017

Kingston, Canada

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 218,377	\$ 252,320
Accounts receivable	5,336	1,859
Inventories	139,479	131,937
Prepaid expenses	7,623	2,948
	<u>370,815</u>	<u>389,064</u>
Loan receivable from Kingston General Hospital (note 2)	475,000	400,000
	<u>\$ 845,815</u>	<u>\$ 789,064</u>

Liabilities, Reserve and Surplus

Current liabilities:		
Accounts payable and accrued liabilities	\$ 52,972	\$ 31,412
Capital reserve - Café	145,000	100,000
Surplus	647,843	657,652
	<u>\$ 845,815</u>	<u>\$ 789,064</u>

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, 2017, with comparative information for 2016

							2017	2016
	General Fund	Café	Gift Shop	Memorial Fund	Lottery Booth	HELPP	Total	Total
Receipts:								
Revenue	\$ 61,997	\$ 1,163,703	\$ 773,590	\$ 2,115	\$ 19,194	\$ 8,875	\$ 2,029,474	\$ 2,042,798
Cash transfers	419,000	–	–	–	–	–	419,000	423,000
	480,997	1,163,703	773,590	2,115	19,194	8,875	2,448,474	2,465,798
Disbursements:								
Expenses	83,109	896,033	580,772	–	2,986	2,682	1,565,582	1,553,178
Cash transfers	–	222,000	180,000	–	17,000	–	419,000	423,000
Donations to Kingston General Hospital (note 2)	418,701	–	–	–	–	10,000	428,701	486,600
	501,810	1,118,033	760,772	–	19,986	12,682	2,413,283	2,462,778
Excess of receipts over disbursements (disbursements over receipts)	(20,813)	45,670	12,818	2,115	(792)	(3,807)	35,191	3,020
Surplus, beginning of year	471,178	25,065	131,768	3,707	16,226	9,708	657,652	704,632
Capital reserve - Café	–	(45,000)	–	–	–	–	(45,000)	(50,000)
Surplus, end of year	\$ 450,365	\$ 25,735	\$ 144,586	\$ 5,822	\$ 15,434	\$ 5,901	\$ 647,843	\$ 657,652

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - General Fund

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Receipts:		
Millennium Fundraising	\$ 31,830	\$ 53,299
Hair care salon	10,756	10,346
Students	1,723	12,831
Special projects, net	5,793	6,475
Interest on investments	4,698	5,012
Membership fees	1,395	1,050
Donations - general	1,649	2,639
Donations - Family Services	4,153	4,360
	<u>61,997</u>	<u>96,012</u>
Disbursements:		
Salaries	38,742	39,177
Hair care salon	10,175	14,139
Travel - conventions and seminars	5,266	3,297
Patients' comforts and gifts	346	499
Service charges	3,510	3,578
Parking donation	2,051	1,690
Operating expenses	6,561	5,646
Miscellaneous/service charges	16,458	9,678
	<u>83,109</u>	<u>77,704</u>
Excess of receipts over disbursements (disbursements over receipts)	(21,112)	18,308
Surplus, beginning of year	471,178	515,470
Transfers from:		
Café	222,000	226,000
Gift shop	180,000	180,000
Lottery booth	17,000	17,000
Donations to Kingston General Hospital	(418,701)	(485,600)
Surplus, end of year	<u>\$ 450,365</u>	<u>\$ 471,178</u>

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Café

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Receipts	\$ 1,163,703	\$ 1,140,386
Cost of goods sold:		
Inventory, beginning of year	10,118	10,781
Purchases	493,903	485,746
Inventory, end of year	(9,142)	(10,118)
	494,879	486,409
Gross profit	668,824	653,977
Gross profit % of receipts	57.5%	57.3%
Disbursements:		
Equipment	5,216	2,355
Salaries	366,413	346,176
Repairs and replacements	2,509	7,929
Sundry	10,826	10,563
Lease	16,190	12,589
	401,154	379,612
Excess of receipts over disbursements	267,670	274,365
Surplus, beginning of year	25,065	26,700
Transfer to General Fund	(222,000)	(226,000)
Transfer to Capital Reserve	(45,000)	(50,000)
Surplus, end of year	\$ 25,735	\$ 25,065

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Gift Shop

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Receipts	\$ 773,590	\$ 779,520
Cost of goods sold:		
Inventory, beginning of year	119,074	100,127
Purchases	443,944	473,682
	563,018	573,809
Inventory, end of year	(128,428)	(119,074)
	434,590	454,735
Gross profit	339,000	324,785
Gross profit % of receipts	43.8%	41.7%
Disbursements:		
Salaries	95,376	90,792
Lease	16,037	11,638
Parking - volunteer staff	19,886	20,496
Sundry	14,883	26,256
	146,182	149,182
Excess of receipts over disbursements	192,818	175,603
Surplus, beginning of year	131,768	136,165
Transfer to General Fund	(180,000)	(180,000)
Surplus, end of year	\$ 144,586	\$ 131,768

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Memorial Fund

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Receipts:		
Donations	\$ 2,115	\$ 310
Surplus, beginning of year	3,707	3,397
Surplus, end of year	\$ 5,822	\$ 3,707

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Lottery Booth

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Receipts:		
Commissions on ticket sales	\$ 15,967	\$ 16,183
Commissions on prizes	3,227	3,235
	<u>19,194</u>	<u>19,418</u>
Disbursements:		
Bank charges	45	49
OLG charges	280	210
Parking	2,661	2,420
Miscellaneous	-	14
	<u>2,986</u>	<u>2,693</u>
Excess of receipts over disbursements	16,208	16,725
Surplus, beginning of year	16,226	16,501
Transfer to General Fund	(17,000)	(17,000)
Surplus, end of year	<u>\$ 15,434</u>	<u>\$ 16,226</u>

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - HELPP

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Receipts:		
Interest	\$ 1	\$ -
Quilt raffle	1,641	-
Ticket sales	7,233	7,152
	<u>8,875</u>	<u>7,152</u>
Cost of ticket sales:		
Ticket purchases/Provincial license	1,623	1,522
Purchases	411	357
	<u>2,034</u>	<u>1,879</u>
Gross profit	6,841	5,273
Disbursements:		
Bank charges	1	-
Miscellaneous	647	964
Donations to Kingston General Hospital	10,000	1,000
	<u>10,648</u>	<u>1,964</u>
Excess of receipts over disbursements (disbursements over receipts)	(3,807)	3,309
Surplus, beginning of year	9,708	6,399
Surplus, end of year	<u>\$ 5,901</u>	<u>\$ 9,708</u>

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of receipts over disbursements	\$ 35,191	\$ 3,020
Change in non-cash operating working capital:		
Accounts receivable	(3,477)	3,590
Inventories	(7,542)	(17,039)
Prepaid expenses	(4,675)	14,552
Accounts payable and accrued liabilities	21,560	(8,523)
	41,057	(4,400)
Investing activities:		
Advances to Kingston General Hospital	(75,000)	—
Decrease in cash	(33,943)	(4,400)
Cash, beginning of year	252,320	256,720
Cash, end of year	\$ 218,377	\$ 252,320

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Notes to Financial Statements

Year ended March 31, 2017

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, 2017

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 \$428,701 (2016 - \$486,600) to Kingston General Hospital. Also, the Auxiliary has a loan receivable of \$475,000 (2016 - \$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 accounts receivable and loan receivable from Kingston General Hospital. The Auxiliary assesses, on a continuous basis, the accounts receivable and 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, 2017 is \$Nil (2016 - \$Nil).

4. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.