

Financial Statements of

**KINGSTON GENERAL HOSPITAL
AUXILIARY**

Year ended March 31, 2018

KINGSTON GENERAL HOSPITAL AUXILIARY

Financial Statements

Year ended March 31, 2018

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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, 2018, 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, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-profit organizations.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 11, 2018

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 283,813	\$ 218,377
Accounts receivable	8,364	5,336
Inventories	121,021	139,479
Prepaid expenses	3,101	7,623
	416,299	370,815
Loan receivable from Kingston Health Sciences Centre at KGH (note 2)	550,000	475,000
	\$ 966,299	\$ 845,815

Liabilities, Reserve and Surplus

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 45,727	\$ 52,972
Capital reserve - Café	250,000	145,000
Surplus	670,572	647,843
	\$ 966,299	\$ 845,815

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, 2018, with comparative information for 2017

							2018	2017
	General Fund	Café	Gift Shop	Memorial Fund	Lottery Booth	HELPP	Total	Total
Receipts:								
Revenue	\$ 65,565	\$ 1,264,736	\$ 741,230	\$ 4,525	\$ 19,800	\$ 7,800	\$ 2,103,656	\$ 2,029,474
Cash transfers	439,000	—	—	—	—	—	439,000	419,000
	504,565	1,264,736	741,230	4,525	19,800	7,800	2,542,656	2,448,474
Disbursements:								
Expenses	79,393	939,065	554,782	—	3,217	3,569	1,580,026	1,565,582
Cash transfers	—	222,000	200,000	—	17,000	—	439,000	419,000
Donations to Kingston Health Sciences Centre at KGH (note 2)	395,901	—	—	—	—	—	395,901	428,701
	475,294	1,161,065	754,782	—	20,217	3,569	2,414,927	2,413,283
Excess of receipts over disbursements (disbursements over receipts)	29,271	103,671	(13,552)	4,525	(417)	4,231	127,729	35,191
Surplus, beginning of year	450,365	25,735	144,586	5,822	15,434	5,901	647,843	657,652
Capital reserve - Café	—	(105,000)	—	—	—	—	(105,000)	(45,000)
Surplus, end of year	\$ 479,636	\$ 24,406	\$ 131,034	\$ 10,347	\$ 15,017	\$ 10,132	\$ 670,572	\$ 647,843

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - General Fund

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Receipts:		
Millennium Fundraising	\$ 31,483	\$ 31,830
Hair care salon	12,637	10,756
Students	—	1,723
Special projects, net	4,813	5,793
Interest on investments	7,493	4,698
Membership fees	1,435	1,395
Donations - general	3,935	1,649
Donations - Family Services	3,769	4,153
	65,565	61,997
Disbursements:		
Salaries	41,529	38,742
Hair care salon	11,224	10,175
Travel - conventions and seminars	3,156	5,266
Patients' comforts and gifts	—	346
Service charges	3,562	3,510
Parking donation	1,593	2,051
Operating expenses	5,245	6,561
Miscellaneous/service charges	13,084	16,458
	79,393	83,109
Excess of disbursements over receipts	(13,828)	(21,112)
Surplus, beginning of year	450,365	471,178
Transfers from:		
Café	222,000	222,000
Gift shop	200,000	180,000
Lottery booth	17,000	17,000
Donations to Kingston Health Sciences Centre at KGH	(395,901)	(418,701)
Surplus, end of year	\$ 479,636	\$ 450,365

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Café

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Receipts	\$ 1,264,736	\$ 1,163,703
Cost of goods sold:		
Inventory, beginning of year	9,142	10,118
Purchases	526,049	493,903
	535,191	504,021
Inventory, end of year	(11,294)	(9,142)
	523,897	494,879
Gross profit	740,839	668,824
Gross profit % of receipts	58.6%	57.5%
Disbursements:		
Equipment	6,890	5,216
Salaries	387,341	366,413
Repairs and replacements	8,141	2,509
Sundry	12,796	10,826
Lease	—	16,190
	415,168	401,154
Excess of receipts over disbursements	325,671	267,670
Surplus, beginning of year	25,735	25,065
Transfer to General Fund	(222,000)	(222,000)
Transfer to Capital Reserve	(105,000)	(45,000)
Surplus, end of year	\$ 24,406	\$ 25,735

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Gift Shop

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Receipts	\$ 741,230	\$ 773,590
Cost of goods sold:		
Inventory, beginning of year	128,428	119,074
Purchases	399,042	443,944
	527,470	563,018
Inventory, end of year	(107,128)	(128,428)
	420,342	434,590
Gross profit	320,888	339,000
Gross profit % of receipts	43.3%	43.8%
Disbursements:		
Salaries	106,995	95,376
Lease (recovery)	(4,000)	16,037
Parking - volunteer staff	18,657	19,886
Sundry	12,788	14,883
	134,440	146,182
Excess of receipts over disbursements	186,448	192,818
Surplus, beginning of year	144,586	131,768
Transfer to General Fund	(200,000)	(180,000)
Surplus, end of year	\$ 131,034	\$ 144,586

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Memorial Fund

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Receipts:		
Donations	\$ 4,525	\$ 2,115
Surplus, beginning of year	5,822	3,707
Surplus, end of year	\$ 10,347	\$ 5,822

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - Lottery Booth

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Receipts:		
Commissions on ticket sales	\$ 16,477	\$ 15,967
Commissions on prizes	3,323	3,227
	19,800	19,194
Disbursements:		
Bank charges	45	45
OLG charges	258	280
Parking	2,914	2,661
	3,217	2,986
Excess of receipts over disbursements	16,583	16,208
Surplus, beginning of year	15,434	16,226
Transfer to General Fund	(17,000)	(17,000)
Surplus, end of year	\$ 15,017	\$ 15,434

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Receipts, Disbursements and Surplus - HELPP

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Receipts:		
Interest	\$ 3	\$ 1
Quilt raffle	—	1,641
Ticket sales	7,797	7,233
	7,800	8,875
Cost of ticket sales:		
Ticket purchases/Provincial license	1,623	1,623
Purchases	357	411
	1,980	2,034
Gross profit	5,820	6,841
Disbursements:		
Bank charges	—	1
Miscellaneous	1,589	647
Donations to Kingston Health Sciences Centre at KGH	—	10,000
	1,589	10,648
Excess of receipts over disbursements (disbursements over receipts)	4,231	(3,807)
Surplus, beginning of year	5,901	9,708
Surplus, end of year	\$ 10,132	\$ 5,901

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of receipts over disbursements	\$ 127,729	\$ 35,191
Change in non-cash operating working capital:		
Accounts receivable	(3,028)	(3,477)
Inventories	18,458	(7,542)
Prepaid expenses	4,522	(4,675)
Accounts payable and accrued liabilities	(7,245)	21,560
	140,436	41,057
Investing activities:		
Advances to Kingston Health Sciences Centre at KGH	(75,000)	(75,000)
Increase (decrease) in cash	65,436	(33,943)
Cash, beginning of year	218,377	252,320
Cash, end of year	\$ 283,813	\$ 218,377

See accompanying notes to financial statements.

KINGSTON GENERAL HOSPITAL AUXILIARY

Notes to Financial Statements

Year ended March 31, 2018

Kingston General Hospital Auxiliary (the "Auxiliary") operates a café, gift shop and lottery booth at Kingston Health Sciences Centre at KGH ("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.

KINGSTON GENERAL HOSPITAL AUXILIARY

Notes to Financial Statements, continued

Year ended March 31, 2018

2. Related party transactions:

The Auxiliary raises funds for Kingston Health Sciences Centre at KGH to be allocated to special gifts in a manner satisfactory to the administration of Kingston Health Sciences Centre at KGH.

During the year, the Auxiliary donated \$395,901 (2017 - \$428,701) to Kingston Health Sciences Centre at KGH. Also, the Auxiliary has a loan receivable of \$550,000 (2017 - \$475,000) from Kingston Health Sciences Centre at KGH which is payable on demand.

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$4,626 (2017 - \$1,081), which relate to amounts payable for HST.

4. 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 Health Sciences Centre at KGH. 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, 2018 is \$Nil (2017 - \$Nil).