

**KINGSTON GENERAL HOSPITAL AUXILIARY
FINANCIAL STATEMENTS
AS AT MARCH 31, 2020**

**KINGSTON GENERAL HOSPITAL AUXILIARY
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AS AT MARCH 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Qualified Opinion

We have audited the financial statements of Kingston General Hospital Auxiliary (the Auxiliary), which comprise the statement of financial position as at March 31, 2020 and the statements of revenue and expenditures and fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Auxiliary as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Auxiliary derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Auxiliary and we were not able to determine whether, as at and for the year ended March 31, 2020, any adjustments might be necessary to donations revenue, excess of revenues over expenditures, assets and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Auxiliary in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-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.

In preparing these financial statements, management is responsible for assessing the Auxiliary's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Auxiliary, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Auxiliary's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
(CONT'D)**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Auxiliary's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Auxiliary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Auxiliary to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The prior year's financial statements were subject to independent audit by another firm of chartered professional accountants.

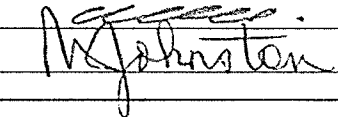
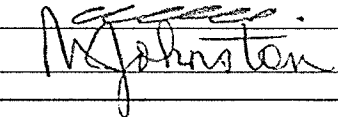
KINGSTON, Canada
September 1, 2020

Wilkinson & Company LLP
Chartered Professional Accountants
Licensed Public Accountants

WILKINSON & COMPANY LLP - CHARTERED PROFESSIONAL ACCOUNTANTS

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**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020**

	2020 \$	2019 \$
ASSETS		
CURRENT		
Cash	323,587	390,527
Accounts receivable	7,456	3,352
Due from Canada Revenue Agency - Note 7	16,252	
Inventories	126,940	125,461
Prepaid expenses	3,129	6,797
	<u>477,364</u>	<u>526,137</u>
LOANS RECEIVABLE FROM KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3	<u>465,000</u>	<u>265,000</u>
	<u>942,364</u>	<u>791,137</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	16,374	41,502
Government remittances payable	2,197	3,287
	<u>18,571</u>	<u>44,789</u>
FUND BALANCES		
GENERAL FUND	666,354	511,971
CAFÉ	57,439	53,895
GIFT SHOP	143,960	141,506
MEMORIAL FUND	592	567
LOTTERY BOOTH	11,112	15,606
HELPP	5,015	4,273
TEDDY BEAR FUND	39,321	18,530
	<u>923,793</u>	<u>746,348</u>
APPROVED ON BEHALF OF THE BOARD		
 Director <i>President</i>		
 Director <i>Treasurer</i>		
	<u>942,364</u>	<u>791,137</u>

The accompanying notes form an integral part of these financial statements

KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2020

	2020								2019
	General Fund \$	Café \$	Gift Shop \$	Memorial Fund \$	Lottery Booth \$	HELPP \$	Teddy Bear Fund \$	Total \$	Total \$
REVENUE	36,735	1,662,074	835,984	25	15,385	1,710	37,377	2,589,290	2,353,023
COST OF SALES		715,504	465,663					1,181,167	1,065,217
EXPENDITURES	74,852	518,026	177,867		2,879	968	3,586	778,178	1,019,329
	74,852	1,233,530	643,530		2,879	968	3,586	1,959,345	2,084,546
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	(38,117)	428,544	192,454	25	12,506	742	33,791	629,945	268,477
FUND BALANCE - BEGINNING OF YEAR	511,971	53,895	141,506	567	15,606	4,273	18,530	746,348	920,572
INTERFUND TRANSFERS	632,000	(425,000)	(190,000)		(17,000)				
DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3	(439,500)						(13,000)	(452,500)	(442,701)
FUND BALANCE - END OF YEAR	666,354	57,439	143,960	592	11,112	5,015	39,321	923,793	746,348

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**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2020**

	2020 \$	2019 \$
REVENUE		
Fundraising	4,710	5,287
Hair care salon	10,447	12,224
Special projects, net	5,006	7,021
Interest on investments	4,195	5,276
Membership fees	1,000	1,480
Donations - general	5,232	3,086
Donations - Family Services	6,145	2,837
	<u>36,735</u>	<u>37,211</u>
EXPENDITURES		
Salaries	43,682	42,604
Hair care salon	10,135	11,906
Travel - conventions and seminars		4,442
Service charges	2,685	4,604
Parking donation	2,888	2,810
Operating expenses	3,068	5,424
Professional fees	7,786	7,130
Sundry	4,608	1,547
	<u>74,852</u>	<u>80,467</u>
EXCESS OF EXPENDITURES OVER REVENUE FOR YEAR	(38,117)	(43,256)
FUND BALANCE - BEGINNING OF YEAR	511,971	474,928
INTERFUND TRANSFERS	632,000	485,000
DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3	(439,500)	(404,701)
FUND BALANCE - END OF YEAR	<u>666,354</u>	<u>511,971</u>

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
CAFÉ
FOR THE YEAR ENDED MARCH 31, 2020**

	2020 \$	2019 \$
REVENUE	1,662,074	1,394,730
COST OF SALES		
Inventory - beginning of year	11,083	11,294
Purchases	716,755	592,601
	727,838	603,895
Inventory - end of year	(12,334)	(11,083)
	715,504	592,812
GROSS MARGIN	946,570	801,918
EXPENDITURES		
Equipment	12,938	9,072
Salaries	478,815	439,611
Less government subsidy - Note 7	(14,923)	
Repairs and maintenance	5,394	5,334
Sundry	5,872	10,853
Renovations	29,930	307,559
	518,026	772,429
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	428,544	29,489
FUND BALANCE - BEGINNING OF YEAR	53,895	24,406
INTERFUND TRANSFERS	(425,000)	
FUND BALANCE - END OF YEAR	57,439	53,895

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
GIFT SHOP
FOR THE YEAR ENDED MARCH 31, 2020**

	2020	2019
	\$	\$
REVENUE	835,984	855,353
COST OF SALES		
Inventory - beginning of year	111,042	107,128
Purchases	464,137	474,321
	575,179	581,449
Inventory - end of year	(109,516)	(111,042)
	465,663	470,407
GROSS MARGIN	370,321	384,946
EXPENDITURES		
Salaries	135,419	127,018
Less government subsidy - Note 7	(3,829)	
Parking - volunteer staff	17,207	18,705
Sundry	29,070	13,751
	177,867	159,474
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	192,454	225,472
FUND BALANCE - BEGINNING OF YEAR	141,506	131,034
INTERFUND TRANSFERS	(190,000)	(215,000)
FUND BALANCE - END OF YEAR	143,960	141,506

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**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
MEMORIAL FUND
FOR THE YEAR ENDED MARCH 31, 2020**

	2020 \$	2019 \$
REVENUE		
Donations	25	220
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	25	220
FUND BALANCE - BEGINNING OF YEAR	567	10,347
DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3		(10,000)
FUND BALANCE - END OF YEAR	592	567

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
LOTTERY BOOTH
FOR THE YEAR ENDED MARCH 31, 2020**

	2020 \$	2019 \$
REVENUE		
Commissions on ticket sales	12,010	20,462
Commissions on prizes	3,375	2,952
	<u>15,385</u>	<u>23,414</u>
EXPENDITURES		
Bank charges	45	45
OLG charges	265	270
Parking	2,569	2,510
	<u>2,879</u>	<u>2,825</u>
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	12,506	20,589
FUND BALANCE - BEGINNING OF YEAR	15,606	15,017
INTERFUND TRANSFERS	(17,000)	(20,000)
FUND BALANCE - END OF YEAR	<u>11,112</u>	<u>15,606</u>

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
HELPP
FOR THE YEAR ENDED MARCH 31, 2020**

	2020 \$	2019 \$
REVENUE		
Ticket sales	1,684	5,020
Interest	26	13
	<u>1,710</u>	<u>5,033</u>
COST OF SALES		
Ticket purchases and provincial license		1,641
Purchases		357
		<u>1,998</u>
GROSS MARGIN	<u>1,710</u>	<u>3,035</u>
EXPENDITURES		
Sundry	968	894
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	742	2,141
FUND BALANCE - BEGINNING OF YEAR	4,273	10,132
DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3		<u>(8,000)</u>
FUND BALANCE - END OF YEAR	<u>5,015</u>	<u>4,273</u>

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**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
TEDDY BEAR FUND
FOR THE YEAR ENDED MARCH 31, 2020**

	2020 \$	2019 \$
REVENUE		
Fundraising	37,377	37,062
EXPENDITURES		
Purchases	3,586	3,240
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	33,791	33,822
FUND BALANCE - BEGINNING OF YEAR	18,530	4,708
DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3	(13,000)	(20,000)
FUND BALANCE - END OF YEAR	39,321	18,530

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020**

	2020 \$	2019 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for year	629,945	268,477
Net change in non-cash working capital balances related to operations - Note 5	(44,385)	(4,062)
	585,560	264,415
Donations to Kingston Health Sciences Centre at KGH	(452,500)	(442,701)
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES	133,060	(178,286)
INVESTING ACTIVITIES		
Advances from (to) Kingston Health Sciences Centre at KGH	(200,000)	285,000
CASH FLOWS PROVIDED FROM (USED IN) INVESTING ACTIVITIES	(200,000)	285,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR YEAR	(66,940)	106,714
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	390,527	283,813
CASH AND CASH EQUIVALENTS - END OF YEAR	323,587	390,527
REPRESENTED BY:		
Cash	323,587	390,527

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

1. NATURE OF OPERATIONS

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

2. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the Auxiliary that are considered to be particularly significant:

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

(b) Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accounts receivable and inventory. Actual results could differ from those estimates.

(c) Inventories

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

(d) Revenue Recognition

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

(e) Financial Instruments

(i) Measurement of 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.

**KINGSTON GENERAL HOSPITAL AUXILIARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

2. ACCOUNTING POLICIES (Con't)

(ii) Impairment

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.

3. 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 \$452,500 (2019 - \$442,701) to Kingston Health Sciences Centre at KGH. Also, the Auxiliary has a loan receivable of \$465,000 (2019 - \$265,000) from Kingston Health Sciences Centre at KGH, which is payable on demand.

4. COMMITMENT

The Auxiliary has pledged to donate \$2,500,000 to the Hospital for the phase II development of the Hospital site. This donation will be paid over seven years beginning in 2018. As at March 31, 2020, the remaining commitment is \$1,665,000.

**KINGSTON GENERAL HOSPITAL AUXILIARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

5. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Cash provided from (used in) non-cash working capital is compiled as follows:

	2020 \$	2019 \$
(INCREASE) DECREASE IN CURRENT ASSETS		
Accounts receivable	(4,104)	5,012
Due from Canada Revenue Agency	(16,252)	
Inventories	(1,479)	(4,440)
Prepaid expenses	3,668	(3,696)
	<u>(18,167)</u>	<u>(3,124)</u>
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	(25,128)	(379)
Government remittances payable	(1,090)	(559)
	<u>(26,218)</u>	<u>(938)</u>
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	<u>(44,385)</u>	<u>(4,062)</u>

6. FINANCIAL INSTRUMENTS

The Auxiliary has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risk that arise from transacting financial instruments include credit risk.

(a) 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, 2020 is \$Nil (2019 - \$Nil).

**KINGSTON GENERAL HOSPITAL AUXILIARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

7. GOVERNMENT ASSISTANCE

The corporation was eligible for the Canadian Emergency Wage Subsidy (CEWS) for wages paid during the last half of March 2020. This amount receivable for the year was \$18,752 and this has been reported as a reduction of the wages paid to employees. The amount unpaid at the end of the year was \$16,252.

8. IMPACT OF COVID-19

Prior to the Auxiliary's year-end, the COVID-19 outbreak was declared a pandemic by the World Health Organization and, both globally and locally, has the potential to create financial stress on the corporation. Of all the Auxiliary's services, only the café continued operation up to and including March 31, 2020. Other services that generate income were closed down on March 15, 2020. These were the gift shop, lottery booth, hair care salon, coffee cart and all fundraising activities. The Auxiliary's café is deemed an essential service and therefore has operated throughout the crisis, however the pandemic has had a considerable financial impact due to lower sales levels as a result of lower manpower available due to leaves of absences during the pandemic. There is also a risk that customers will be unable to pay for services in a timely manner which could impact the company's cash flows.

At the time that these financial statements were approved, the amount of the financial impact on donation revenue could not be determined.

9. CAPITAL DISCLOSURE

The Auxiliary's objectives with respect to capital management are to maintain a minimum capital base that allows the Auxiliary to continue with and execute its overall purpose as disclosed in Note 1, "Nature of Auxiliary." The Auxiliary's Board of Directors performs periodic reviews of the Auxiliary's capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the Auxiliary.