

**KINGSTON GENERAL HOSPITAL AUXILIARY
FINANCIAL STATEMENTS
AS AT MARCH 31, 2023**

**KINGSTON GENERAL HOSPITAL AUXILIARY
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AS AT MARCH 31, 2023**

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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, 2023 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, 2023, 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 years ended March 31, 2023 and March 31, 2022, 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.

KINGSTON, Canada
XXX

Chartered Professional Accountants
Licensed Public Accountants

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023**

| | 2023 | 2022 |
|--|----------|---------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 363,332 | 394,218 |
| Accounts receivable | 25,181 | 4,058 |
| Inventories | 73,848 | 90,179 |
| Prepaid expenses | 1,268 | |
| | 463,629 | 488,455 |
| LOANS RECEIVABLE FROM KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3 | | |
| | 90,000 | 190,000 |
| | 553,629 | 678,455 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | 72,064 | 39,772 |
| Government remittances payable | 3,143 | 3,005 |
| | 75,207 | 42,777 |
| FUND BALANCES | | |
| GENERAL FUND | 340,637 | 408,047 |
| CAFÉ | (20,225) | 8,751 |
| GIFT SHOP | 142,297 | 140,774 |
| MEMORIAL FUND | 921 | 1,692 |
| LOTTERY BOOTH | 10,503 | 10,872 |
| TEDDY BEAR FUND | 4,289 | 65,542 |
| | 478,422 | 635,678 |
| APPROVED ON BEHALF OF THE BOARD | | |
| _____ Director | | |
| _____ Director | | |
| | 553,629 | 678,455 |

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, 2023**

| | 2023 | | | | | | 2022 | |
|---|--------------------|------------|-----------------|---------------------|---------------------|--------------------------|-------------|-------------|
| | General Fund \$ | Café \$ | Gift Shop \$ | Memorial Fund \$ | Lottery Booth \$ | Teddy Bear Fund \$ | Total \$ | Total \$ |
| REVENUE | 10,667 | 1,408,013 | 498,187 | 729 | NIL | 26,453 | 1,944,049 | 1,705,488 |
| COST OF SALES | | 702,364 | 274,835 | | | | 977,199 | 805,413 |
| EXPENDITURES | 15,077 | 534,625 | 171,829 | | 369 | 2,866 | 724,766 | 620,063 |
| | 15,077 | 1,236,989 | 446,664 | NIL | 369 | 2,866 | 1,701,965 | 1,425,476 |
| EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR | (4,410) | 171,024 | 51,523 | 729 | (369) | 23,587 | 242,084 | 280,012 |
| FUND BALANCE - BEGINNING OF YEAR | 408,047 | 8,751 | 140,774 | 1,692 | 10,872 | 65,542 | 635,678 | 848,187 |
| INTERFUND TRANSFERS | 250,000 | (200,000) | (50,000) | | | | | |
| DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3 | (313,000) | | | (1,500) | | (84,840) | (399,340) | (492,521) |
| FUND BALANCE - END OF YEAR | 340,637 | (20,225) | 142,297 | 921 | 10,503 | 4,289 | 478,422 | 635,678 |

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2023**

| | 2023 | 2022 |
|---|------------------|------------------|
| | \$ | \$ |
| REVENUE | | |
| Fundraising | 713 | 745 |
| Hair care salon | | 400 |
| Interest on investments | 1,384 | 3,394 |
| Membership fees | | 395 |
| Donations - general | 8,030 | 513 |
| Donations - Family Services | 540 | 1,316 |
| | 10,667 | 6,763 |
| EXPENDITURES | | |
| Salaries | | 29 |
| Hair care salon | | 388 |
| Service charges | 2,210 | 2,249 |
| Operating expenses | 1,261 | 1,031 |
| Professional fees | 9,523 | 8,305 |
| Sundry | 2,083 | 9,902 |
| | 15,077 | 21,904 |
| EXCESS OF EXPENDITURES OVER REVENUE FOR YEAR | (4,410) | (15,141) |
| FUND BALANCE - BEGINNING OF YEAR | 408,047 | 569,188 |
| INTERFUND TRANSFERS | 250,000 | 335,000 |
| DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3 | (313,000) | (481,000) |
| FUND BALANCE - END OF YEAR | 340,637 | 408,047 |

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, 2023**

| | 2023 \$ | 2022 \$ |
|---|------------------|------------------|
| REVENUE | 1,408,013 | 1,237,851 |
| COST OF SALES | | |
| Inventory - beginning of year | 13,894 | 10,836 |
| Purchases | 699,952 | 578,494 |
| | 713,846 | 589,330 |
| Inventory - end of year | (11,482) | (13,894) |
| | 702,364 | 575,436 |
| GROSS MARGIN | 705,649 | 662,415 |
| EXPENDITURES | | |
| Equipment | 6,959 | 305 |
| Salaries | 511,023 | 504,281 |
| Less government subsidy | | (69,227) |
| Repairs and maintenance | 6,151 | 7,814 |
| Sundry | 10,492 | 5,048 |
| | 534,625 | 448,221 |
| EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR | 171,024 | 214,194 |
| FUND BALANCE - BEGINNING OF YEAR | 8,751 | 69,557 |
| INTERFUND TRANSFERS | (200,000) | (275,000) |
| FUND BALANCE - END OF YEAR | (20,225) | 8,751 |

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, 2023**

| | 2023 \$ | 2022 \$ |
|---|-----------------|------------|
| REVENUE | 498,187 | 433,511 |
| COST OF SALES | | |
| Inventory - beginning of year | 71,194 | 94,620 |
| Purchases | 266,007 | 206,551 |
| | 337,201 | 301,171 |
| Inventory - end of year | (62,366) | (71,194) |
| | 274,835 | 229,977 |
| GROSS MARGIN | 223,352 | 203,534 |
| EXPENDITURES | | |
| Salaries | 155,233 | 153,572 |
| Less government subsidy | | (20,006) |
| Parking - volunteer staff | 3,654 | 2,463 |
| Sundry | 12,942 | 10,648 |
| | 171,829 | 146,677 |
| EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR | 51,523 | 56,857 |
| FUND BALANCE - BEGINNING OF YEAR | 140,774 | 143,917 |
| INTERFUND TRANSFERS | (50,000) | (60,000) |
| FUND BALANCE - END OF YEAR | 142,297 | 140,774 |

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
MEMORIAL FUND
FOR THE YEAR ENDED MARCH 31, 2023**

| | 2023 | 2022 |
|---|----------------|--------------|
| | \$ | \$ |
| REVENUE | | |
| Donations | 729 | 197 |
| EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR | 729 | 197 |
| FUND BALANCE - BEGINNING OF YEAR | 1,692 | 1,495 |
| DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3 | (1,500) | |
| FUND BALANCE - END OF YEAR | 921 | 1,692 |

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, 2023**

| | 2023 \$ | 2022 \$ |
|---|---------------|---------------|
| REVENUE | NIL | NIL |
| <hr/> | | |
| EXPENDITURES | | |
| Bank charges | 45 | 45 |
| OLG charges | 324 | |
| | <hr/> | |
| | 369 | 45 |
| | <hr/> | |
| EXCESS OF EXPENDITURES OVER REVENUE FOR YEAR | (369) | (45) |
| FUND BALANCE - BEGINNING OF YEAR | 10,872 | 10,917 |
| | <hr/> | |
| FUND BALANCE - END OF YEAR | 10,503 | 10,872 |
| | <hr/> | |

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
TEDDY BEAR FUND
FOR THE YEAR ENDED MARCH 31, 2023**

| | 2023 | 2022 |
|---|-----------------|-----------------|
| | \$ | \$ |
| REVENUE | | |
| Fundraising | 26,453 | 27,166 |
| EXPENDITURES | | |
| Purchases | 2,866 | 3,216 |
| EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR | 23,587 | 23,950 |
| FUND BALANCE - BEGINNING OF YEAR | 65,542 | 53,113 |
| DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3 | (84,840) | (11,521) |
| FUND BALANCE - END OF YEAR | 4,289 | 65,542 |

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, 2023**

| | 2023 | 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenditures for year | 242,084 | 280,012 |
| Net change in non-cash working capital balances related to operations - Note 5 | 26,370 | (17,521) |
| | 268,454 | 262,491 |
| Donations to Kingston Health Sciences Centre at KGH | (399,340) | (492,521) |
| CASH FLOWS USED IN OPERATING ACTIVITIES | (130,886) | (230,030) |
| INVESTING ACTIVITIES | | |
| Advances to Kingston Health Sciences Centre at KGH | | (150,000) |
| Advances from Kingston Health Sciences Centre at KGH | 100,000 | 350,000 |
| CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES | 100,000 | 200,000 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS FOR YEAR | (30,886) | (30,030) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 394,218 | 424,248 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | 363,332 | 394,218 |
| REPRESENTED BY: | | |
| Cash | 363,332 | 394,218 |

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, 2023**

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) Fund Accounting

These financial statements include the activities of the Auxiliary for which the Board of Directors is legally accountable. In order to properly reflect its activities, the Auxiliary maintains its accounts in accordance with the principles of "fund accounting" in order that limitations and restrictions placed on the use of available resources are observed. Under fund accounting, resources for various purposes are classified for accounting and reporting into funds in accordance with activities or objectives specified.

(d) Inventories

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

(e) Revenue Recognition

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

**KINGSTON GENERAL HOSPITAL AUXILIARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

2. ACCOUNTING POLICIES (Con't)

(f) 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.

(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 \$399,340 (2022 - \$492,521) to Kingston Health Sciences Centre at KGH.

The Auxiliary has a loan receivable of \$90,000 (2022 - \$190,000) 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, 2023, the remaining commitment is \$390,000.

**KINGSTON GENERAL HOSPITAL AUXILIARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

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:

| | 2023 | 2022 |
|--|---------------|-----------------|
| | \$ | \$ |
| (INCREASE) DECREASE IN CURRENT ASSETS | | |
| Accounts receivable | (21,123) | 771 |
| Due from Canada Revenue Agency | | 30,172 |
| Inventories | 16,330 | 20,367 |
| Prepaid expenses | (1,268) | |
| | (6,061) | 51,310 |
| INCREASE (DECREASE) IN CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | 32,294 | (69,319) |
| Government remittances payable | 137 | 488 |
| | 32,431 | (68,831) |
| NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS | 26,370 | (17,521) |

6. FINANCIAL RISKS AND CONCENTRATIONS OF RISK

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, 2023 is \$Nil (2022 - \$Nil).