Humber River Hospital Foundation
Financial Statements
For the year ended March 31, 2015

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Independent Auditor's Report

To the Board of Directors of
Humber River Hospital Foundation

We have audited the accompanying financial statements of Humber River Hospital Foundation, which comprise the balance sheet as at March 31, 2015, and the statements of operations and changes in fund balances, and cash flows for the year then ended, and 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 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.

Auditor's 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 the auditor's 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, the auditor considers internal control relevant to the Foundation'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 Foundation'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 for Humber River Hospital Foundation as at March 31, 2015, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
May 28, 2015

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Humber River Hospital Foundation
Balance Sheet

March 31	2015	2014
Assets		
Cash and cash equivalents	**$ 3,780,036**	$ 7,071,096
Investments (Note 2)	**9,145,207**	17,431,918
Accounts receivable	**127,055**	297,049
Prepaid expenses	**116,691**	211,212
Capital assets (Note 3)	**8,424**	42,013
	$ 13,177,413	$ 25,053,288
Liabilities and Fund Balances		
Liabilities		
Accounts payable	**$ 148,644**	$ 181,580
Due to Humber River Hospital (Note 4)	**87,493**	-
Deferred revenue	**529,368**	552,956
	765,505	734,536
Fund balances		
General fund (Note 5)		
Unrestricted	**5,861,233**	2,159,754
Invested in capital assets	**8,424**	42,013
	5,869,657	2,201,767
Restricted funds (Note 6)		
Capital campaign	**4,491,839**	7,052,784
Board designated	**722,651**	13,653,091
Other donor restricted	**1,327,761**	1,411,110
	6,542,251	22,116,985
	$ 13,177,413	$ 25,053,288

On behalf of the Board:

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements.

Humber River Hospital Foundation
Statement of Operations and Changes in Fund Balances

For the year ended March 31

	General Fund		Restricted Funds		Total	
	2015	2014	**2015**	2014	**2015**	2014
Revenues						
Donations	**$ 373,009**	$ 427,359	**$ 113,128**	$ 230,948	**$ 486,137**	$ 658,307
Investment income	**224,665**	247,528	**1,719,654**	1,315,946	**1,944,319**	1,563,474
Special events	**2,275,463**	1,500,814	**-**	-	**2,275,463**	1,500,814
Capital campaign	**-**	-	**6,896,356**	5,987,565	**6,896,356**	5,987,565
	2,873,137	2,175,701	**8,729,138**	7,534,459	**11,602,275**	9,710,160
Expenses						
Salaries and benefits	**2,160,277**	2,095,036	**-**	-	**2,160,277**	2,095,036
Fundraising and promotion	**216,772**	251,806	**-**	-	**216,772**	251,806
Special events	**734,405**	522,202	**-**	-	**734,405**	522,202
Administration and general	**16,572**	22,850	**165,718**	162,006	**182,290**	184,856
Investment management fees	**7,066**	10,532	**70,660**	74,665	**77,726**	85,197
Capital campaign	**-**	-	**698,308**	1,804,418	**698,308**	1,804,418
Amortization	**33,589**	37,246	**-**	-	**33,589**	37,246
	3,168,681	2,939,672	**934,686**	2,041,089	**4,103,367**	4,980,761
Excess (deficiency) of revenues over expenses before the following	**(295,544)**	(763,971)	**7,794,452**	5,493,370	**7,498,908**	4,729,399
Gifts to Humber River Hospital (Note 4)	**(36,566)**	(49,207)	**(19,359,186)**	(4,706,874)	**(19,395,752)**	(4,756,081)
Al Palladini Scholarship Fund	**-**	-	**(10,000)**	(10,000)	**(10,000)**	(10,000)
Excess (deficiency) of revenues over expenses for the year	**(332,110)**	(813,178)	**(11,574,734)**	776,496	**(11,906,844)**	(36,682)
Fund balances, beginning of year	**2,201,767**	3,014,945	**22,116,985**	21,340,489	**24,318,752**	24,355,434
Transfer from Restricted funds	**4,000,000**	-	**(4,000,000)**	-	**-**	-
Fund balances, end of year	**$ 5,869,657**	$ 2,201,767	**$ 6,542,251**	$ 22,116,985	**$ 12,411,908**	$ 24,318,752

The accompanying notes are an integral part of these financial statements.

Humber River Hospital Foundation
Statement of Cash Flows

For the year ended March 31	2015	2014
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses before gifts to Humber River Hospital and Al Paladini Scholarship Fund	**$ 7,498,908**	$ 4,729,399
Adjustments required to reconcile excess of revenue over expenses to net cash provided by operating activities		
Amortization of capital assets	**33,589**	37,246
Unrealized loss (gain) on investments	**115,999**	(621,246)
Changes in non-cash working capital balances		
Accounts receivable	**169,994**	(3,038)
Prepaid expenses	**94,521**	(64,192)
Accounts payable	**(32,936)**	32,794
Deferred revenue	**(23,588)**	193,846
Due to Humber River Hospital	**87,493**	(175,951)
	7,943,980	4,128,858
Investing activities		
Purchase of capital assets	**-**	(1,018)
Investments, net	**8,170,712**	3,075,844
Gifts to Humber River Hospital	**(19,395,752)**	(4,756,081)
Al Palladini Scholarship Fund	**(10,000)**	(10,000)
	(11,235,040)	(1,691,255)
(Decrease) increase in cash and cash equivalents during the year	**(3,291,060)**	2,437,603
Cash and cash equivalents, beginning of year	**7,071,096**	4,633,493
Cash and cash equivalents, end of year	**$ 3,780,036**	$ 7,071,096

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

Nature of Organization

Humber River Hospital Foundation was incorporated under the Corporations Act (Ontario) as a corporation without share capital and was established to receive, maintain, invest and administer funds and apply them for charitable purposes associated with or related to the use, operation, maintenance, renovation and equipment of Humber River Hospital (the "Hospital") and other charitable purposes.

The Foundation has launched the largest campaign in its history. The goal is to raise $225 million to equip and furnish the new Humber River Hospital. Since the Capital campaign started in 2008, it has raised $43 million in cash and $23 million in pledged donations. As at March 31, 2015, the Foundation has transferred approximately $37 million of unrestricted donation to the Hospital and continues to work toward fulfilling the campaign. The Hospital will open its doors as North America’s first fully digital hospital in October 2015.

The Foundation is a public foundation registered under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

General

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Fund Accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors (the "Board"). Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. The interfund transfers are recorded as a component of changes in fund balances.

1. Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

For financial reporting purposes, the Foundation's funds have been classified as follows:

General Fund

The General fund accounts for the Foundation's general fundraising, granting and administrative activities. The General fund reports unrestricted resources available for immediate purposes.

Restricted Funds

Capital campaign - These funds are designated for the specific purposes of the Capital campaign. Any direct expenses incurred to generate these revenues are charged to this fund.

Board designated - Board designated funds represent amounts that have been restricted for specific purposes by the Board and are not available for use without its approval.

Other donor restricted - These funds are externally restricted based on the designation of the donor and may only be spent in the manner consistent with the donor's wishes.

Revenue Recognition

The Foundation follows the restricted fund method of accounting for contributions. Donations, including gifts in kind, are recognized as revenue in the year in which they are received. Special events revenue is recognized when the event takes place, amounts can be reasonably estimated and collection is reasonably assured. Revenue for special events held after year end including the Gala, Gran Fondo and Team Revolution events which are received before year end are included in deferred revenue.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, bank balances and term deposits and Guaranteed Investment Certificates with maturities of less that ninety days. Included in cash and cash equivalents is a $516,764 (2014 - $4,018,846) guaranteed investment certificate bearing interest at 1.2% (2014 - 1.4% - 1.5%) and maturing in May 2015.

Investments and Investment Income

Investments consist of investment funds and are carried in the financial statements at fair value based on quoted market values. The Foundation has adopted an investment policy that outlines the various investments that can be included in the portfolio.

Investment income is recognized as revenue on an accrual basis and has been allocated to Restricted funds based on their share of the investments held during the year. The balance remains in the General fund. Investment income includes interest and realized and unrealized gains and losses on financial assets.

1. Summary of Significant Accounting Policies (continued)

Contributed Services

The Foundation derives a significant benefit from members acting as volunteers and directors. Since these services are not normally purchased by the Foundation and because of the difficulty in determining fair value, contributed services are not recognized in these financial statements.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Furniture and fixtures	- straight-line basis over five years
Computer equipment	- straight-line basis over three years
Computer software	- straight-line basis over five years
Office equipment	- straight-line basis over five years

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all investments have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost, less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

2. Investments

	2015	2014
Cash and money market fund	**175,416**	228,082
Fixed income	**6,062,108**	11,707,796
Canadian equity	**$ 938,456**	$ 1,808,737
U.S. equity	**1,162,180**	2,092,401
International equity	**807,047**	1,594,902
	$ 9,145,207	$ 17,431,918

3. Capital Assets

	2015		2014	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Furniture and fixtures	**$ 4,584**	**$ 4,584**	$ 4,584	$ 4,355
Computer equipment	**41,148**	**40,554**	41,147	35,340
Computer software	**64,237**	**56,407**	64,237	29,076
Office equipment	**10,100**	**10,100**	10,100	9,284
	120,069	**111,645**	120,068	78,055
Net book value		**$ 8,424**		$ 42,013

4. Due to Humber River Hospital

During the year ended March 31, 2015, the Foundation had several transactions with Humber River Hospital. These transactions are in the normal course of operations and include reimbursements of funds disbursed on the Foundation's behalf. These amounts are repaid on a cost recovery basis. The balance due to the Humber River Hospital is non-interest bearing, unsecured and is due in the next fiscal year.

The Foundation also paid $25,000 (2014 - $25,000) in administration fees to the Hospital. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

The amount due from Humber River Hospital in the prior year is non-interest bearing and was repaid subsequent to year-end.

During the year, the Foundation donated $19,395,752 (2013 - $4,756,081) to the Hospital.

5. General Fund

The changes in the components of the General fund during the year are as follows:

	Invested in Capital Assets	**Unrestricted**	**Total**
Balance, April 1, 2014	**$ 42,013**	**$ 2,159,754**	**$ 2,201,767**
Deficiency of revenues over expenses before gifts to Humber River Hospital	**-**	**(295,543)**	**(295,543)**
Gifts to Humber River Hospital	**-**	**(36,567)**	**(36,567)**
Amortization	**(33,589)**	**33,589**	**-**
Transfer from Restricted funds	**-**	**4,000,000**	**4,000,000**
Balance, March 31, 2015	**$ 8,424**	**$ 5,861,233**	**$ 5,869,657**

	Invested in Capital Assets	Unrestricted	Total
Balance, April 1, 2013	$ 78,241	$ 2,936,704	$ 3,014,945
Deficiency of revenues over expenses before gifts to Humber River Hospital	**-**	(763,971)	(763,971)
Gifts to Humber River Hospital	**-**	(49,207)	(49,207)
Additional investment in capital assets	1,018	(1,018)	-
Amortization	(37,246)	37,246	-
Balance, March 31, 2014	$ 42,013	$ 2,159,754	$ 2,201,767

6. Restricted Funds

The changes in the components of the Restricted funds during the year are as follows:

	Other Donor Restricted	Capital Campaign	Board Designated	Total
Balance, April 1, 2014	**$ 1,411,110**	**$ 7,052,784**	**$ 13,653,091**	**$ 22,116,985**
Excess of revenues over expenses	**209,519**	**6,679,809**	**905,124**	**7,794,452**
Gifts to Humber River Hospital	**(292,868)**	**(19,066,318)**	**-**	**(19,359,186)**
Al Palladini Scholarship fund	**-**	**-**	**(10,000)**	**(10,000)**
Transfer	**-**	**9,825,564**	**(13,825,564)**	**(4,000,000)**
Balance, March 31, 2015	**$ 1,327,761**	**$ 4,491,839**	**$ 722,651**	**$ 6,542,251**

	Other Donor Restricted	Capital Campaign	Board Designated	Total
Balance, April 1, 2013	$ 5,328,066	$ 2,999,369	$ 13,013,054	$ 21,340,489
Excess of revenues over expenses	505,583	4,337,750	650,037	5,493,370
Gifts to Humber River Hospital	(422,539)	(4,284,335)	-	(4,706,874)
Al Palladini Scholarship fund	-	-	(10,000)	(10,000)
Transfer	(4,000,000)	4,000,000	-	-
Balance, March 31, 2014	$ 1,411,110	$ 7,052,784	$ 13,653,091	$ 22,116,985

Capital Campaign

The Foundation has launched major capital campaigns to support building of a new hospital and redevelopment of the ambulatory care site. The Capital Campaign fund balance represents donations received by the Foundation to help fund these capital projects. In the current year, the Capital Campaign raised $6,896,356 (2014 - $5,987,565).

Board Designated

In addition, in fiscal 2002, the Board designated $500,000 from the General fund for the specific purpose of establishing the Al Palladini Education Fund. As at March 31, 2015, the balance of this fund is $508,846 (2014 - $518,846).

7. Financial Instruments

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk through its investments.

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Foundation is exposed to this risk through its interest bearing investments.

Market Risk

The Foundation is subject to market risk with respect to its investments. The values of these investments will fluctuate as a result of changes in market prices, interest rates or other factors affecting the value of the investments.

Foreign Exchange Risk

The Foundation has equity investments in foreign currency which account for approximately 22% (2014 - 17%) of the total investment portfolio. This gives rise to the risk that results of operations and cash flows may be adversely impacted by exchange rate fluctuations. The Foundation from time to time may purchase forward contracts to mitigate its currency risk. At year-end, the Foundation did not hold any forward contracts.