

**NIAGARA HEALTH FOUNDATION**  
(formerly Onefoundation for Niagara Health System)

Financial Statements  
for the Year Ended May 31, 2018  
and Independent Auditors' Report to the Directors

**NIAGARA HEALTH FOUNDATION**  
(formerly Onefoundation for Niagara Health System)  
FINANCIAL STATEMENTS  
MAY 31, 2018

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CHARTERED  
PROFESSIONAL  
ACCOUNTANTS

DURWARD JONES BARKWELL  
& COMPANY LLP

Big enough to know. SMALL ENOUGH TO CARE.

## INDEPENDENT AUDITORS' REPORT

**To the Directors of  
Niagara Health Foundation:**

We have audited the financial statements of Niagara Health Foundation, which comprise the statement of financial position as at May 31, 2018 and the statements of operations and fund balances and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for 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.

### **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 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 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 qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the Foundation derives revenue from donations, fundraising, bequests and lotteries, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Niagara Health Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, and cash flows from operations for the periods ended May 31, 2018 and 2017, current assets as at May 31, 2018 and 2017, and net assets as at June 1 and May 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended May 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Niagara Health Foundation as at May 31, 2018, 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.

*Durward Jones Barkwell + Company LLP*

**Durward Jones Barkwell & Company LLP**  
Licensed Public Accountants

September 27, 2018

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**NIAGARA HEALTH FOUNDATION**  
(formerly Onefoundation for Niagara Health System)  
STATEMENT OF OPERATIONS AND FUND BALANCES  
YEAR ENDED MAY 31, 2018

	Internally Restricted	Unrestricted	Externally Restricted	Endowment	Capital Assets	2018 Total	2017 Total
<b>REVENUE</b>							
Donations and fundraising	\$ 739,442	\$ 904,496	\$ 2,332,942	\$ -	\$ -	\$ 3,976,880	\$ 3,946,647
Bequests	-	180,496	1,679,846	-	-	1,860,342	748,258
Flow-through to Niagara Health System	-	-	145,719	-	-	145,719	188,273
Investment income	-	226,378	10,150	16,508	-	253,036	919,681
Lotteries	-	20,260	-	-	-	20,260	21,119
	739,442	1,331,630	4,168,657	16,508	-	6,256,237	5,823,978
Fundraising expenses	200,640	236,653	20,238	-	-	457,531	422,865
	538,802	1,094,977	4,148,419	16,508	-	5,798,706	5,401,113
<b>EXPENDITURES</b>							
Advertising and promotion	-	52,585	-	-	-	52,585	24,460
Amortization	-	8,695	-	-	46,328	55,023	60,188
Audit and legal	-	24,790	-	-	-	24,790	28,805
Bank and credit card charges	-	28,832	-	-	-	28,832	29,756
Campaign planning - South Niagara	-	-	-	-	-	-	60,212
Meetings, travel and professional development	-	29,067	-	-	-	29,067	22,526
Membership fees	-	8,823	-	-	-	8,823	9,503
Office supplies	-	19,571	-	-	-	19,571	20,393
Postage	-	15,200	-	-	-	15,200	14,558
Repairs and maintenance	-	29,925	-	-	-	29,925	36,556
Salaries and benefits	-	1,323,472	-	-	-	1,323,472	1,359,130
Scholarships and bursaries	-	500	500	18,000	-	19,000	19,000
	-	1,541,460	500	18,000	46,328	1,606,288	1,685,087
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE TRANSFERS</b>	538,802	(446,483)	4,147,919	(1,492)	(46,328)	4,192,418	3,716,026
<b>TRANSFERS TO THE NIAGARA HEALTH SYSTEM</b>	(488,898)	(25,350)	(1,769,384)	-	-	(2,283,632)	(2,292,686)
<b>TRANSFERS AND ALLOCATIONS TO NIAGARA HEALTH SYSTEM - IT'S OUR TIME</b>	-	-	(145,719)	-	-	(145,719)	(188,273)
<b>INVESTMENT IN CAPITAL ASSETS</b>	-	(1,583)	-	-	1,583	-	-
<b>INTERFUND TRANSFERS (Note 8)</b>	-	229,206	(229,206)	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	49,904	(244,210)	2,003,610	(1,492)	(44,745)	1,763,067	1,235,067
<b>FUND BALANCE, BEGINNING OF YEAR</b>	2,032,426	4,351,460	5,525,179	934,427	78,558	12,922,050	11,686,983
<b>FUND BALANCE, END OF YEAR</b>	\$ 2,082,330	\$ 4,107,250	\$ 7,528,789	\$ 932,935	\$ 33,813	\$ 14,685,117	\$12,922,050

# NIAGARA HEALTH FOUNDATION

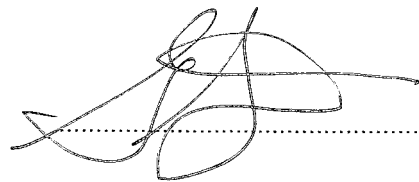
(formerly Onefoundation for Niagara Health System)

## STATEMENT OF FINANCIAL POSITION

MAY 31, 2018

	Internally Restricted	Unrestricted	Externally Restricted	Endowment	Capital Assets	2018 Total	2017 Total
<b>ASSETS</b>							
<b>Current assets</b>							
Cash	\$ -	\$ 4,271,345	\$ 691,477	\$ -	\$ -	\$ 4,962,822	\$ 3,192,590
Accounts receivable (Note 2)	-	62,835	-	-	-	62,835	43,904
Prepaid expenses	35,453	15,814	-	-	-	51,267	31,768
	35,453	4,349,994	691,477	-	-	5,076,924	3,268,262
<b>Investments</b>	2,128,036	-	6,983,031	932,935	-	10,044,002	10,102,539
<b>Capital assets</b> (Note 3)	-	-	-	-	33,813	33,813	78,558
<b>Website</b>	-	8,696	-	-	-	8,696	17,391
	\$ 2,163,489	\$ 4,358,690	\$ 7,674,508	\$ 932,935	\$ 33,813	\$15,163,435	\$13,466,750
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Accounts payable and accrued charges (Note 4)	\$ -	\$ 251,440	\$ 145,719	\$ -	\$ -	\$ 397,159	\$ 456,229
Deferred revenue	81,159	-	-	-	-	81,159	88,471
	81,159	251,440	145,719	-	-	478,318	544,700
<b>Commitments</b> (Note 5)							
<b>FUND BALANCES</b>	2,082,330	4,107,250	7,528,789	932,935	33,813	14,685,117	12,922,050
	\$ 2,163,489	\$ 4,358,690	\$ 7,674,508	\$ 932,935	\$ 33,813	\$15,163,435	\$13,466,750

Approved by the Board:



..... Director

# NIAGARA HEALTH FOUNDATION

(formerly Onefoundation for Niagara Health System)  
STATEMENT OF CASH FLOWS  
YEAR ENDED MAY 31, 2018

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 1,763,067	\$ 1,235,067
Amortization, an item not affecting cash	55,023	60,188
	<b>1,818,090</b>	1,295,255
Changes in non-cash operating assets and liabilities		
Accounts receivable	(18,931)	1,242
Prepaid expenses	(19,499)	30,310
Accounts payable and accrued charges	(59,070)	(455,947)
Deferred revenue	(7,312)	5,756
	<b>1,713,278</b>	876,616
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(1,583)	(3,440)
Change in investments	58,537	(944,928)
	<b>56,954</b>	(948,368)
<b>INCREASE (DECREASE) IN CASH</b>	<b>1,770,232</b>	(71,752)
<b>CASH, BEGINNING OF YEAR</b>	<b>3,192,590</b>	3,264,342
<b>CASH, END OF YEAR</b>	<b>\$ 4,962,822</b>	\$ 3,192,590

# NIAGARA HEALTH FOUNDATION

(formerly Onefoundation for Niagara Health System)

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2018

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## 1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

### ***Basis of accounting***

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Nature of business***

Niagara Health Foundation is a public charitable organization incorporated without share capital under the laws of Ontario on January 1, 2014. Its principal activities include the establishment and administration of funds to be applied toward the advancement of public health education, the purchase of direct patient diagnostic and treatment equipment and the improvement of facilities at the various Niagara Health System sites. The Foundation is registered as a public foundation under the Income Tax Act.

### ***Revenue recognition***

The Foundation follows the restricted fund method of accounting for contributions, which include donations and bequests.

Contributions are recognized as revenue when received. Cash received and paid prior to the year end for various special events are deferred and recognized as revenue and expenses in the year the event occurs.

The Unrestricted Fund accumulates contributions that have no donor restrictions and accounts for a share of the Foundation's fundraising expenses. It also reports certain investment income earned by the Foundation.

The Externally Restricted Fund accumulates contributions which must be used for the purpose specified by the donor. These purposes are for capital projects of The Niagara Health System such as the purchase of direct patient diagnostic and treatment equipment and the improvement of facilities.

The Externally Restricted Fund also accumulates contributions received by the Foundation that are to be transferred to Niagara Health System for uses specified by the donor relating to the activities of the Niagara Health System. These amounts are reported as flow-through revenue to Niagara Health System regarding the "It's Our Time" campaign. It also reports certain investment income earned by the Foundation in relation to the Blue Ribbon campaign.

The Internally Restricted Fund accumulates contributions which the Board of Directors have designated to be used for a specific purpose.

The Endowment Fund reports resources contributed for endowment. Investment income earned is reported in the Endowment Fund and is used for specific purposes according to the restrictions placed by the contributor. The original principal in the Endowment Fund amounts to \$721,922 as at May 31, 2018.

The Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the Foundation's capital assets.

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# NIAGARA HEALTH FOUNDATION

(formerly Onefoundation for Niagara Health System)  
 NOTES TO THE FINANCIAL STATEMENTS  
 MAY 31, 2018

## 1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (continued)

### ***Pledges receivable***

The Foundation follows the policy of recording contributions as revenue only when the funds are received. Therefore, pledges receivable at May 31, 2018 of \$1,753,977 have not been recognized in these financial statements.

### ***Investments***

Investments are in preferred shares, fixed income securities and insurance policies.

### ***Capital assets***

Property and equipment are recorded at acquisition cost and are amortized over their estimated useful lives using the following rates and methods:

Trillium Donor Recognition Wall	5 years straight-line
Donor Recognition Wall	5 years straight-line
Leasehold improvements	20 years straight-line
Equipment	20% declining-balance
Computer hardware	20% declining-balance
Computer software	20% declining-balance

### ***Intangible assets***

Intangible assets with a definite life, such as website costs are recorded at acquisition cost and are amortized on a straight-line basis over their useful life of 5 years, as determined by management. Intangible assets with an indefinite life are not amortized but are adjusted for impairment when circumstances are warranted.

### ***Long-lived assets***

Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

### ***Contributed materials and services***

During the year, the Foundation received approximately \$22,017 of contributed materials for which fair value was readily obtainable. In its various events and functions throughout the year, the Foundation uses the services of many volunteers. Because of the difficulty of determining the fair value, contributed services and certain contributed materials are not recognized in the financial statements.



# NIAGARA HEALTH FOUNDATION

(formerly Onefoundation for Niagara Health System)

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2018

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## 1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (continued)

### *Financial instruments*

#### (a) Measurement of financial instruments

The Foundation initially measures its financial assets and financial liabilities at their fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributed to the instrument.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued charges.

#### (b) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write-down reflects the difference between the carrying amount and the higher of:

- (a) the present value of the cash flows expected to be generated by the asset or group of assets;
- (b) the amount that could be realized by selling the asset or group of assets;
- (c) the net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.

### *Use of estimates*

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for such items as useful lives of capital assets, impairment of long-lived assets, revenue recognition, fund allocations, accrued charges, contingent liabilities and allowances on accounts receivable.

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# NIAGARA HEALTH FOUNDATION

(formerly Onefoundation for Niagara Health System)

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2018

## 2. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Government grant	\$ 10,325	\$ -
Harmonized sales tax	28,138	19,532
Accrued interest	24,372	24,372
	<b>\$ 62,835</b>	<b>\$ 43,904</b>

## 3. CAPITAL ASSETS

	<u>2018</u>		<u>2017</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Trillium Donor Recognition Wall	\$ 58,000	\$ 58,000	\$ 58,000	\$ 58,000
Donor Recognition Wall	212,293	204,864	212,293	165,449
Equipment	115,532	96,580	115,532	91,842
Computer hardware	21,907	17,280	20,324	15,806
Computer software	48,527	45,722	48,527	45,021
Leasehold improvements	18,074	18,074	18,074	18,074
	<b>474,333</b>	<b>440,520</b>	472,750	394,192
Net book value		<b>\$ 33,813</b>		<b>\$ 78,558</b>

## 4. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	<u>2018</u>	<u>2017</u>
Trade accounts payable	\$ 19,920	\$ 1,724
Due to Niagara Health System	357,420	433,026
Accrued charges	19,819	21,479
	<b>\$ 397,159</b>	<b>\$ 456,229</b>

Included in the amount due to Niagara Health System is \$145,719 (2017 - \$188,273) relating to flow-through funds received by the Foundation that have yet to be paid.

## 5. COMMITMENTS

As at May 31, 2018, the Foundation has made various commitments approximating \$2,583,143 to purchase equipment for various Niagara Health System sites. Any funds raised by the Foundation relating to these commitments that have not yet been transferred to Niagara Health System are reported in the Internally Restricted or Externally Restricted fund balances.

# NIAGARA HEALTH FOUNDATION

(formerly Onefoundation for Niagara Health System)  
 NOTES TO THE FINANCIAL STATEMENTS  
 MAY 31, 2018

## 6. PENSION PLAN AND EMPLOYEE BENEFITS

The Foundation reimburses Niagara Health System for contributions it makes to the Hospitals of Ontario Pension Plan ("HOOPP") on behalf of its staff. HOOPP is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits, terminating on death, based on length of service and on the average of annualized earnings during the five consecutive years prior to retirement.

The Foundation also reimburses Niagara Health System for benefits paid on behalf of its employees. These benefits include life insurance, health benefits, dental benefits and travel benefits. These benefits are also available to eligible retired employees.

Reimbursements to Niagara Health System for contributions to HOOPP and payments under the benefit plan for the year were \$92,351 and are included in salaries and benefits in the statement of operations.

The pension plan and employee benefits obligations upon retirement of the employees are the responsibility of Niagara Health System.

## 7. FINANCIAL RISK MANAGEMENT

The Foundation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

### (a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk since changes in interest rates may impact the Foundation's borrowing costs. The Foundation does not use any derivative instrument to reduce its exposure to interest rate risk.

### (b) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation's investments in securities quoted in an active market exposes the Foundation to price risks as these investments are subject to price changes in an open market. The Foundation does not use derivative financial instruments to alter the effects of this risk.

It is management's opinion that the Foundation is not exposed to significant currency, credit or liquidity risks arising from its financial instruments.

## 8. INTERFUND TRANSFERS

The Foundation receives externally restricted donations to be used towards the purchase of specific equipment. On occasion, the Foundation will purchase the specific equipment before sufficient funds have been raised to fully cover the cost of the equipment. In these instances, the temporary fundraising shortfall is funded by the Unrestricted Fund. As the externally restricted donations are received in future fiscal years, the Externally Restricted Fund reimburses the Unrestricted Fund. During the year, the Externally Restricted Fund reimbursed the Unrestricted Fund \$102,766.