

Financial statements of

**North York General
Hospital Foundation**

March 31, 2008

North York General Hospital Foundation

March 31, 2008

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Auditors' Report

To the Members of
North York General Hospital Foundation

We have audited the statement of financial position of North York General Hospital Foundation (the "Foundation") as at March 31, 2008 and the statements of operations, changes in fund balances and cash flows for the year then ending. These financial statements are the responsibility of the Foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
May 16, 2008

North York General Hospital Foundation

Statement of financial position

as at March 31, 2008

	2008	2007
	\$	\$
Assets		
Current assets		
Cash	1,798,197	682,643
Accounts receivable	382,350	322,784
Prepaid expenses and sundry assets	49,673	72,664
Investments (Note 5)	36,105,065	38,390,041
	38,335,285	39,468,132
Life insurance policies	424,704	857,082
Capital assets (Note 2)	53,278	42,923
Revenue producing properties (Note 3)	1	1
	38,813,268	40,368,138
Liabilities and fund balances		
Current liabilities		
Accounts payable and accrued liabilities	131,307	188,526
Due to North York General Hospital	168,506	85,073
Deferred revenue	108,086	207,040
	407,899	480,639
Fund balances		
Endowment funds	26,618,811	27,707,811
Restricted funds	10,421,405	11,113,504
General fund		
Invested in capital assets	53,278	42,923
Unrestricted	1,311,875	1,023,261
	1,365,153	1,066,184
	38,405,369	39,887,499
	38,813,268	40,368,138

Approved by the Board

_____ Governor

_____ Governor

See accompanying notes to financial statements.

North York General Hospital Foundation

Statement of operations year ended March 31, 2008

	Endowment funds		Restricted funds		General fund		Total funds	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Public donations and bequests	646,860	1,983,836	1,621,644	4,370,598	1,469,226	1,406,343	3,737,730	7,760,777
Volunteer services	-	-	238,341	231,205	-	-	238,341	231,205
Campaigns	517,413	-	1,311,971	479,668	-	-	1,829,384	479,668
Special fundraising events (Note 4)	200,825	128,466	471,076	282,468	-	-	671,901	410,934
Investment income (loss) (Note 5)	-	-	941,550	803,196	(1,036,821)	2,068,358	(95,271)	2,871,554
Rental income	-	-	39,000	43,250	-	-	39,000	43,250
Net proceeds from sales of revenue-producing properties	-	1,095,779	-	-	-	-	-	1,095,779
	1,365,098	3,208,081	4,623,582	6,210,385	432,405	3,474,701	6,421,085	12,893,167
Expenses								
Grants to North York General Hospital ("Hospital")								
Cash	-	-	4,778,548	3,652,907	-	800	4,778,548	3,653,707
To third parties, on behalf of the Hospital	-	-	4,650	5,530	-	-	4,650	5,530
Artwork and other property	-	-	24,378	4,014	12,560	-	36,938	4,014
Administrative	-	-	502,520	707,176	1,751,172	934,041	2,253,692	1,641,217
Investment management fees	-	-	-	-	101,500	97,471	101,500	97,471
Fundraising	-	-	-	-	727,887	1,058,902	727,887	1,058,902
	-	-	5,310,096	4,369,627	2,593,119	2,091,214	7,903,215	6,460,841
Excess of revenue over expenses	1,365,098	3,208,081	(686,514)	1,840,758	(2,160,714)	1,383,487	(1,482,130)	6,432,326

See accompanying notes to financial statements.

North York General Hospital Foundation

Statement of changes in fund balances

year ended March 31, 2008

					2008	2007
				General fund		
	Endowment funds	Restricted funds	Invested in capital assets	Unrestricted	Total	Total
	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	27,707,811	11,113,504	42,923	1,023,261	39,887,499	33,455,173
Excess (deficiency) of revenue over expenses	1,365,098	(686,514)	(19,334)	(2,141,380)	(1,482,130)	6,432,326
Interfund transfers (Note 7)	(2,454,098)	(5,585)	-	2,459,683	-	-
Investment in capital assets	-	-	29,689	(29,689)	-	-
Fund balances, end of year	26,618,811	10,421,405	53,278	1,311,875	38,405,369	39,887,499

See accompanying notes to financial statements.

North York General Hospital Foundation

Statement of cash flows year ended March 31, 2008

	2008	2007
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	(1,482,130)	6,432,326
Items not affecting cash		
Amortization of capital assets	19,334	21,060
Realized and unrealized gain included in investment income	1,584,977	(1,567,147)
Change in non-cash operating working capital	(109,315)	(60,307)
	12,866	4,825,932
Investing activities		
Increase (decrease) in life insurance policies	432,378	(88,302)
Purchase of capital assets	(29,689)	(18,975)
Net change in investments	699,999	(4,999,995)
	1,102,688	(5,107,272)
(Decrease) increase in cash	1,115,554	(281,340)
Cash, beginning of year	682,643	963,983
Cash, end of year	1,798,197	682,643

See accompanying notes to financial statements.

North York General Hospital Foundation

Notes to the financial statements

March 31, 2008

1. Significant accounting policies

Basis of operations

North York General Hospital Foundation (the "Foundation") is incorporated without share capital under the laws of Ontario. The Foundation is a charitable organization registered under the *Income Tax Act* and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

The Foundation is dedicated to providing financial resources for North York General Hospital (the "Hospital") on an ongoing basis. This financial support is provided through the systematic process of identifying and acquiring financial resources from the community. The Foundation is committed to raising funds through annual appeals, endowment funds, planned giving, special events and capital campaigns.

The financial statements include the following funds:

- (a) The General Fund represents the Foundation's program delivery and administrative activities. This fund reports unrestricted resources. Investment income, net of related expenses and grants, earned on the Endowment Funds is returned to the Endowment and Restricted Funds based on a policy approved by the Board of Governors. This is achieved by way of interfund transfer (Note 7).
- (b) The Endowment Funds represent resources contributed for endowment. These contributions have either been externally endowed or endowed through board approval.
- (c) The Restricted Funds represent restricted resources that are to be used for Hospital programs and capital assets as designated by the donor or by the Board of Governors.

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

(a) *Revenue recognition*

The Foundation follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue of the respective fund

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations are recorded when received and investment income is accrued as it is earned. The amount of any pledges to donate funds to the Foundation is not included in revenue until the funds are received.

Investment income includes dividend and interest income, and realized and unrealized gains and losses. Interest and dividend income earned on Endowment Fund resources which must be spent on grants is recognized as revenue of the Restricted Fund. Unrestricted interest and dividend income is recognized as income of the General Fund. Realized and unrealized gains and losses on Endowment Fund resources are recognized as income of the General Fund. All other investment income is unrestricted and is recognized as income in the General Fund.

North York General Hospital Foundation

Notes to the financial statements

March 31, 2008

1. Significant accounting policies (continued)

(b) *Financial instruments*

The Foundation adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") sections for Financial Instruments effective April 1, 2005. In accordance with these recommendations the Foundation elected to categorize the investment portfolio of the Foundation which consists primarily of publicly traded pooled investment funds, as held for trading. Held for trading items are reported on the balance sheet at fair value as determined at the fiscal year end based on market value for the pooled funds. Changes in fair value are recognized in the statement of operations.

Accounts receivable, accounts payable, other payables and accrued liabilities, and amounts due to the North York General Hospital are designated as 'loans and receivables' and thus are measured at amortized cost which approximates their fair market value due to their short term to maturity.

(c) *Capital assets*

Capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives which approximates five years. One-half year amount of amortization is taken in the year of acquisition. No amortization is taken until the asset is put into use.

(d) *Contributed goods and services*

Donors contribute gifts in kind for use in special fundraising events. The Foundation recognizes these gifts in kind at their fair market value. Donated property and equipment are recorded at fair value when fair value can be reasonably estimated. Donated materials and services are recorded at fair value when fair value can be reasonably estimated and when the materials and services are normally purchased by the Foundation and would be paid for if not donated.

Gifts of publicly traded securities are recognized at estimated fair market value based on the average published price on the date of receipt, when such information is available, or other estimated fair market value as applicable.

(e) *Volunteer fundraising activities*

The work of the Foundation is dependent on the volunteer fundraising activities of many members. Because these services are not normally purchased by the Foundation and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

(f) *Insurance policy donations*

Donated insurance premiums are recognized as revenue in the year received. The corresponding asset is recorded as life insurance policies. This amount accumulates each year as premiums are paid, until the proceeds of the policy are received. The Foundation is the owner and the beneficiary of the policies. Premiums of \$67,622 (2007 - \$88,302) paid on life insurance are shown on the statement of financial position as life insurance policies.

(g) *Use of 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, liabilities and fund balances and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of operations and changes in fund balances for the year. Actual results could differ from those estimates.

North York General Hospital Foundation

Notes to the financial statements

March 31, 2008

2. Capital assets

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Furniture and equipment	110,678	89,044	21,634	13,111
Computer and hardware	103,256	71,612	31,644	29,812
	213,934	160,656	53,278	42,923

3. Revenue-producing properties

During 2001, 38 parcels of land in Toronto (the "Sheldrake Lands") were recorded in the name of the Foundation to establish an endowment for the benefit of the Hospital. The Sheldrake Lands had previously been held for the benefit of the Hospital and the terms of the established endowment reflect the same purposes for which the Sheldrake Lands were originally held. The endowment provides that the net proceeds of the sale of any Sheldrake Lands be retained as capital of the endowment. The endowment has been recorded on the books of the Foundation for the nominal sum of \$1 and net proceeds of sale are being recorded as and when realized. In 2008, no parcels were sold (2007 - four parcels). As at March 31, 2008, 14 parcels remain to be sold (2007 - 14).

4. Special fundraising events

The Board of Governors has approved the designation of net proceeds from fundraising events to the following funds:

			2008	2007
	Endowment funds	Restricted funds	Endowment funds	Restricted funds
	\$	\$	\$	\$
Revenue	305,260	976,712	251,212	661,430
Expenses	104,435	505,636	122,746	378,962
	200,825	471,076	128,466	282,468

North York General Hospital Foundation

Notes to the financial statements

March 31, 2008

5. Investments and investment income

The Foundation manages a significant portion of its investments in a pool that invests in pooled funds managed by external investment managers.

(a) Investments consist of the following:

	2008	2007
	Market value	Market Value
	\$	\$
Money market	4,729,021	4,739,021
Bonds	17,215,633	18,895,850
Canadian equities	4,624,692	4,268,269
International equities	9,535,719	10,486,901
	36,105,065	38,390,041

(b) Investment income is made up of the following:

	2008	2007
	\$	\$
Interest and dividends	1,489,706	1,304,407
Realized net gains	673,313	566,702
Unrealized net (losses) gains	(2,258,290)	1,000,445
	(95,271)	2,871,554

6. Related party transactions

The Hospital provides the Foundation's premises on a rent-free basis, the value of which has not been recorded in the financial statements. In turn, the Foundation, in its ongoing fundraising activities, provides the Hospital with public relations services, the value of which has not been recorded in the financial statements.

7. Interfund transfers

The Board of Governors has approved the following transfers to (from) the General Fund:

	2008	2007
	\$	\$
Endowment Funds	2,454,098	(786,001)
Restricted Funds	5,585	(27,856)
	2,459,683	(813,857)

North York General Hospital Foundation

Notes to the financial statements

March 31, 2008

8. Guarantees and contingent liabilities

In the normal course of business, the Foundation enters into agreements that meet the definition of a guarantee. Indemnity has been provided to all directors and officers of the Foundation for various items including, but not limited to, all costs to settle suits or actions due to involvement with the Foundation, subject to certain restrictions. Directors' and officers' liability insurance has been purchased to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined but is limited to the period over which the indemnification party served as a director or officer of the Foundation. The maximum amount of any potential future payment cannot be reasonably estimated.