

Financial statements of

**North York General
Hospital Foundation**

March 31, 2009

North York General Hospital Foundation

March 31, 2009

Table of contents

Auditors' Report.....	1
Statement of financial position.....	2
Statement of operations	3
Statement of changes in fund balances	4
Statement of cash flows.....	5
Notes to the financial statements	6-12

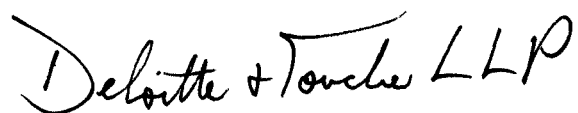
Auditors' Report

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, 2009 and the statements of operations, changes in fund balances and of cash flows for the year then ended. 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

Chartered Accountants
Licensed Public Accountants
May 24, 2009

North York General Hospital Foundation

Statement of financial position

as at March 31, 2009

	2009	2008
	\$	\$
Assets		
Current assets		
Cash	1,643,043	1,798,197
Accounts receivable	328,022	382,350
Prepaid expenses and sundry assets	275,704	49,673
Investments (Note 5)	33,966,516	36,105,065
	36,213,285	38,335,285
Life insurance policies	424,704	424,704
Capital assets (Note 2)	44,584	53,278
Revenue producing properties (Note 3)	1	1
	36,682,574	38,813,268
Liabilities and fund balances		
Current liabilities		
Accounts payable and accrued liabilities	335,373	131,307
Due to North York General Hospital	183,469	168,506
Deferred revenue	116,066	108,086
	634,908	407,899
Fund balances		
Endowment funds	23,244,081	26,618,811
Restricted funds	11,724,171	10,421,405
General fund		
Invested in capital assets	44,584	53,278
Unrestricted	1,034,830	1,311,875
	1,079,414	1,365,153
	36,047,666	38,405,369
	36,682,574	38,813,268

Approved by the Board

_____ Governor

_____ Governor

See accompanying notes to financial statements.

North York General Hospital Foundation

Statement of operations year ended March 31, 2009

	Endowment funds		Restricted funds		General fund		Total funds	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Public contributions and bequests	1,449,250	646,860	1,311,800	1,621,644	1,279,210	1,469,226	4,040,260	3,737,730
Volunteer services	-	-	257,125	238,341	-	-	257,125	238,341
Campaigns	61,988	517,413	2,020,446	1,311,971	-	-	2,082,434	1,829,384
Special fundraising events (Note 4)	207,123	200,825	170,807	471,076	-	-	377,930	671,901
Investment income (loss) (Note 5)	-	-	923,894	941,550	(3,606,506)	(1,036,821)	(2,682,612)	(95,271)
Rental income	-	-	41,000	39,000	-	-	41,000	39,000
	1,718,361	1,365,098	4,725,072	4,623,582	(2,327,296)	432,405	4,116,137	6,421,085
Expenses								
Grants to North York General Hospital ("Hospital")								
Cash	-	-	2,926,102	4,778,548	13,200	-	2,939,302	4,778,548
To third parties, on behalf of the Hospital	-	-	5,940	4,650	-	-	5,940	4,650
Artwork and other property	-	-	15,519	24,378	2,194	12,560	17,713	36,938
Administrative	-	-	480,843	502,520	1,063,006	1,751,172	1,543,849	2,253,692
Investment management fees	-	-	-	-	96,007	101,500	96,007	101,500
Fundraising	-	-	-	-	1,871,029	727,887	1,871,029	727,887
	-	-	3,428,404	5,310,096	3,045,436	2,593,119	6,473,840	7,903,215
Excess (deficiency) of revenue over expenses	1,718,361	1,365,098	1,296,668	(686,514)	(5,372,732)	(2,160,714)	(2,357,703)	(1,482,130)

See accompanying notes to financial statements.

North York General Hospital Foundation

Statement of changes in fund balances

year ended March 31, 2009

	General fund				2009	2008
	Endowment funds	Restricted funds	Invested in capital assets	Unrestricted	Total	Total
	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	26,618,811	10,421,405	53,278	1,311,875	38,405,369	39,887,499
Excess (deficiency) of revenue over expenses	1,718,361	1,296,668	(18,579)	(5,354,153)	(2,357,703)	(1,482,130)
Interfund transfers (Note 7)	(5,093,091)	6,098	-	5,086,993	-	-
Investment in capital assets	-	-	9,885	(9,885)	-	-
Fund balances, end of year	23,244,081	11,724,171	44,584	1,034,830	36,047,666	38,405,369

See accompanying notes to financial statements.

North York General Hospital Foundation

Statement of cash flows year ended March 31, 2009

	2009	2008
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	(2,357,703)	(1,482,130)
Non-operating items		
Contributions for endowment	(1,718,361)	(1,365,098)
Realized and unrealized (gain) loss included in investment income	4,109,763	1,584,977
Items not affecting cash		
Amortization of capital assets	18,579	19,334
Change in non-cash operating working capital	55,306	(109,315)
	107,584	(1,352,232)
Financing activities		
Contributions for endowment	1,718,361	1,365,098
	1,718,361	1,365,098
Investing activities		
Decrease in life insurance policies	-	432,378
Purchase of capital assets	(9,885)	(29,689)
Net change in investments	(1,971,214)	699,999
	(1,981,099)	1,102,688
(Decrease) increase in cash	(155,154)	1,115,554
Cash, beginning of year	1,798,197	682,643
Cash, end of year	1,643,043	1,798,197

See accompanying notes to financial statements.

North York General Hospital Foundation

Notes to the financial statements

March 31, 2009

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:

- (i) 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).
- (ii) The Endowment Funds represent resources contributed for endowment. These contributions have either been externally endowed or endowed through board approval.
- (iii) 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.

Contributions are recorded when received and investment income is accrued as it is earned. The amount of any pledges to contribute 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, 2009

1. Significant accounting policies (continued)

(b) Financial instruments

The Foundation categorizes the investment portfolio, 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.

New financial instruments are designated by management as appropriate upon acquisition. Transaction costs associated with financial instruments are expensed as incurred.

Financial risk management

The Foundation is subject to market, currency and interest rate risks with respect to its investments. To manage these risks, the Foundation has established investment policies which include target mix of investment types designed to achieve the optimum return within reasonable risk tolerances.

(c) Capital assets

Capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives which approximate 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 values. Contributed property and equipment are recorded at fair value when fair value can be reasonably estimated. Contributed 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.

North York General Hospital Foundation

Notes to the financial statements

March 31, 2009

1. Significant accounting policies (continued)

(f) Insurance policy contributions

Contributed 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, net of any valuation allowance, until the proceeds of the policy are received. The Foundation is the owner and the beneficiary of the policies. Premiums of \$54,597 (2008 - \$67,622) paid on life insurance are included in the statement of financial position as life insurance policies. A corresponding valuation allowance of \$54,597 (2008 - \$NIL), has been taken against this amount in the year and netted against corresponding contributions revenue.

(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.

2. Capital assets

	2009		2008
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Furniture and equipment	110,678	96,660	14,018
Computer and hardware	113,141	82,575	30,566
	223,819	179,235	44,584

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 2009, no parcels were sold (2008 - no parcels). As at March 31, 2009, 14 parcels remain to be sold (2008 - 14).

North York General Hospital Foundation

Notes to the financial statements

March 31, 2009

4. Special fundraising events

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

	2009		2008	
	Endowment Funds	Restricted Funds	Endowment Funds	Restricted Funds
	\$	\$	\$	\$
Revenue	322,928	376,187	305,260	976,712
Expenses	115,805	205,380	104,435	505,636
	207,123	170,807	200,825	471,076

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:

	2009	2008
	Fair value	Fair value
	\$	\$
Money market	3,664,023	4,729,021
Bonds	18,225,461	17,215,633
Canadian equities	3,721,617	4,624,692
International equities	8,355,415	9,535,719
	33,966,516	36,105,065

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

	2009	2008
	\$	\$
Interest and dividends	1,427,151	1,489,706
Realized net gains	48,298	673,313
Unrealized net losses	(4,158,061)	(2,258,290)
	(2,682,612)	(95,271)

(c) The investments are held for the respective funds as follows:

	2009	2008
	\$	\$
Endowment funds	22,819,376	26,194,106
Restricted funds	11,147,140	9,910,959
	33,966,516	36,105,065

North York General Hospital Foundation

Notes to the financial statements

March 31, 2009

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 among the funds:

	2009	2008
	\$	\$
Endowment funds		
Transfer of realized and unrealized losses on investments held for the Endowment funds from the General fund to the Endowment funds	(4,276,095)	(1,593,040)
Transfer of administration and management costs related to the Endowment funds from the General fund to the Endowment funds	(838,753)	(883,843)
Transfers from the General fund to the Endowment fund to reflect donor directions	21,757	22,785
	<u>(5,093,091)</u>	<u>(2,454,098)</u>
Restricted funds		
Transfer from (to) the General fund to the Restricted fund to reflect donor directions	6,098	(5,585)

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.

North York General Hospital Foundation

Notes to the financial statements

March 31, 2009

9. Capital management

Unrestricted Fund

The Unrestricted Fund accounts for the Foundation's operations and administrative activities. In managing this capital, the Foundation focuses on resources available for operations. The Foundation's objective is to have sufficient resources to continue operations in accordance with its mission and to provide it with the flexibility to take advantage of opportunities. The need for sufficient resources is considered in the preparation of an annual budget, the monitoring of cash flows, the comparison of actual operating results to budget and ensuring adherence with the approved investment policy.

Restricted Fund

The Restricted Fund is comprised of amounts that are to be used for specific purposes as specified by the donors, the Board of Governors, or as stipulated in the fundraising appeal. The Restricted Fund capital is managed under contract by professional investment managers in accordance with the Foundation's Investment Policies with the objectives of preserving capital while providing for the cash flow needs of the Foundation in order to meet its granting requirements.

Endowment Fund

The Endowment Fund is comprised of amounts to be maintained permanently as specified by the donors or the Board of Governors. The income earned on these amounts is to be used in accordance with the endowment agreements or instructions of the Board of Governors.

The Endowment Fund capital is managed under contract by professional investment managers in accordance with the Foundation's investment policies. The primary objectives of the Foundation's policies are to provide for long-term granting to North York General Hospital. The financial objectives of the Investment Policies are: capital preservation; absolute real returns, net of inflation, sufficient to meet the minimum granting requirements imposed by the Canada Revenue Agency; and to maximize the total rate of return within acceptable risk tolerances to enable growth of the endowments over the long term.

Interest and dividend income from this fund is transferred to the Restricted Fund when earned. Grants are made from the Restricted Fund in accordance with the Granting Policy of the Foundation, when required by North York General Hospital.

Compliance with restrictions imposed by donors or the Board of Governors and adherence to the Foundation's Investment and Granting Policies are monitored by management and reported to committees of the Board of Governors. Management has determined that the restrictions and policies have been satisfactorily complied with for the fiscal year ended March 31, 2009 on a consistent basis with the preceding year.

North York General Hospital Foundation

Notes to the financial statements

March 31, 2009

10. Accounting changes and comparative figures

The Foundation has implemented the disclosure requirements of the CICA Handbook section 1535 with respect to capital disclosures (Note 9) and has early adopted the requirements of section 4400 with respect to the statement of cash flows.

As the Foundation does not allocate its fundraising and administrative expenses to other activities, application of section 4470 with respect to disclosure of allocated expenses is not required at this time.

The CICA has deferred indefinitely the application of section 3862 Financial Instruments – Disclosures, and section 3863 Financial Instruments – Presentation, for not-for-profit entities. These sections are intended to enhance disclosures regarding the significance of financial instruments to an organization's financial position and performance, the nature and extent of risks related to these instruments, and the organization's management of such risks. The Foundation has elected to defer application of these standards and continues to follow the disclosure requirements of section 3861.

Certain comparative figures have been reclassified to conform to the presentation adopted for 2009.

11. Commitment

As at March 31, 2009 the Foundation has entered into a contract with a professional fundraiser to conduct a fundraising event in August 2009. Total budgeted costs for the event are approximately \$620,000. At March 31, 2009 the statement of financial position includes approximately \$229,000 of prepaid expenses with respect to this event. Approximately \$2,900 has been collected in contributions and is included in deferred revenue at March 31, 2009.