

Financial statements of

**North York General
Hospital Foundation**

March 31, 2010

North York General Hospital Foundation

March 31, 2010

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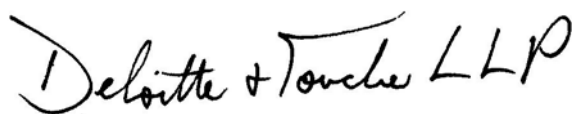
Auditors' Report

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, 2010 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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants
May 21, 2010

North York General Hospital Foundation

Statement of financial position

as at March 31

	2010	2009
	\$	\$
		(Note 2)
Assets		
Cash	706,809	1,643,043
Accounts receivable	306,826	328,022
Prepaid expenses and sundry assets (Note 2)	157,329	124,418
Investments (Note 7 (a))	40,484,276	33,966,516
Life insurance policies	35,247	424,704
Capital assets (Note 4)	31,709	44,584
Revenue producing properties (Note 5)	1	1
	41,722,197	36,531,288
Liabilities and fund balances		
Liabilities		
Accounts payable and accrued liabilities	372,531	335,373
Due to North York General Hospital	193,636	183,469
Deferred revenue	271,373	116,066
	837,540	634,908
Fund balances		
Endowment funds	27,396,782	23,244,081
Restricted funds	13,189,161	11,724,171
General fund		
Invested in capital assets	31,709	44,584
Unrestricted	267,005	883,544
	298,714	928,128
	40,884,657	35,896,380
	41,722,197	36,531,288

Approved by the Board

_____ Governor

_____ Governor

See accompanying notes to financial statements.

North York General Hospital Foundation

Statement of operations for the year ended March 31

	Endowment funds		Restricted funds		General fund		Total funds	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
						(Note 2)		(Note 2)
Revenue								
Public contributions and bequests	1,358,457	1,449,250	891,326	1,311,800	1,158,908	1,279,210	3,408,691	4,040,260
Volunteer services	-	-	248,520	257,125	-	-	248,520	257,125
Campaigns	478,815	61,988	3,247,292	2,020,446	-	-	3,726,107	2,082,434
Special fundraising events (Note 6)	208,604	207,123	466,358	170,807	-	-	674,962	377,930
Investment income (loss) (Note 7 (b))	-	-	803,757	923,894	3,353,493	(3,606,506)	4,157,250	(2,682,612)
Net income on sale of revenue-producing property	296,742	-	-	-	-	-	296,742	-
Rental income	-	-	29,800	41,000	-	-	29,800	41,000
	2,342,618	1,718,361	5,687,053	4,725,072	4,512,401	(2,327,296)	12,542,072	4,116,137
Expenses								
Grants to North York General Hospital ("Hospital")								
Cash	-	-	3,532,518	2,926,102	-	13,200	3,532,518	2,939,302
To third parties, on behalf of the Hospital	-	-	-	5,940	-	-	-	5,940
Equipment and other property	-	-	10,321	15,519	116	2,194	10,437	17,713
Administrative	-	-	696,224	480,843	1,233,053	1,063,006	1,929,277	1,543,849
Investment management fees	-	-	-	-	101,038	96,007	101,038	96,007
Fundraising	-	-	-	-	1,980,525	2,022,315	1,980,525	2,022,315
	-	-	4,239,063	3,428,404	3,314,732	3,196,722	7,553,795	6,625,126
Excess (deficiency) of revenue over expenses	2,342,618	1,718,361	1,447,990	1,296,668	1,197,669	(5,524,018)	4,988,277	(2,508,989)

See accompanying notes to financial statements.

North York General Hospital Foundation

Statement of changes in fund balances

for year ended March 31

	General fund				2010	2009
	Endowment funds	Restricted funds	Invested in capital assets	Unrestricted	Total	Total
	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year						(Note 2)
As previously reported	23,244,081	11,724,171	44,584	1,034,830	36,047,666	38,405,369
Prior period adjustment (Note 2)	-	-	-	(151,286)	(151,286)	-
As restated	23,244,081	11,724,171	44,584	883,544	35,896,380	38,405,369
Excess (deficiency) of revenue over expenses	2,342,618	1,447,990	(15,919)	1,213,588	4,988,277	(2,508,989)
Interfund transfers (Note 9)	1,810,083	17,000	-	(1,827,083)	-	-
Investment in capital assets	-	-	3,044	(3,044)	-	-
Fund balances, end of year	27,396,782	13,189,161	31,709	267,005	40,884,657	35,896,380

See accompanying notes to financial statements.

North York General Hospital Foundation

Statement of cash flows for the year ended March 31

	2010	2009
	\$	\$
		(Note 2)
Operating activities		
Excess (deficiency) of revenue over expenses	4,988,277	(2,508,989)
Non-operating items		
Contributions for endowment	(2,342,618)	(1,718,361)
Realized and unrealized (gain) loss included in investment income	(2,985,816)	4,109,763
Items not affecting cash		
Amortization of capital assets	15,919	18,579
Change in non-cash operating working capital	190,917	206,592
Decrease in life insurance policies	389,457	-
	256,136	107,584
Financing activity		
Contributions for endowment	2,342,618	1,718,361
	2,342,618	1,718,361
Investing activities		
Purchase of capital assets	(3,044)	(9,885)
Net change in investments	(3,531,944)	(1,971,214)
	(3,534,988)	(1,981,099)
Decrease in cash	(936,234)	(155,154)
Cash, beginning of year	1,643,043	1,798,197
Cash, end of year	706,809	1,643,043

See accompanying notes to financial statements.

North York General Hospital Foundation

Notes to the financial statements

March 31, 2010

1. Purpose and organization

Basis of operations

North York General Hospital Foundation (the "Foundation") is incorporated without share capital under the laws of the province of Ontario. The Foundation is a public foundation 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 must meet certain requirements under the Act. In the opinion of management these requirements have been met.

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.

2. Accounting changes

Current changes

Effective April 1, 2008 the Foundation has adopted earlier than necessary the requirements of section 4400 with respect to the statement of cash flows and section 4470 with respect to disclosure of allocated expenses. In addition, the Foundation elected to adopt section 3855 and has elected not to account for non-financial contracts as derivatives and not to account for embedded derivative in non-financial contract leases and insurance contracts as embedded derivatives.

Section 1000 – Financial statement concepts

Effective April 1, 2009, the Foundation adopted the Canadian Institute of Chartered Accountants (CICA) amendments to section 1000 of the CICA Handbook. These amendments clarified the criteria for recognition of an asset or liability removing the ability to recognize assets or liabilities solely on the basis of matching revenue and expenses items. As a result of adopting these amendments, which require retrospective restatement, the prior period has been restated resulting in the following adjustments to the previously reported figures:

For the year ended March 31, 2009, fundraising expenses increased by	\$151,286
Prepaid expenses as at March 31, 2009 decreased by	\$151,286
Fund balances as at April 1, 2009 decreased by	\$151,286

No adjustment was required to fund balances as at April 1, 2008.

Credit risk and the fair value of financial assets and financial liabilities

In January 2009, the Emerging Issues Committee ("EIC") issued EIC -173 "Credit risk and their fair value of financial assets and financial liabilities". This abstract requires that an entity's own credit risk (for financial liabilities) and the credit risk of the counterparty (for financial assets) should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The new guidance did not have any impact on the valuation of the Foundation's financial assets and liabilities, or its net assets.

North York General Hospital Foundation

Notes to the financial statements

March 31, 2010

2. Accounting changes (continued)

Future direction for setting accounting standards applicable to Not-for-Profit Organizations description

The Accounting Standards Board ("AcSB") of the Canadian Institute of Chartered Accountants ("CICA") released new Accounting Standards for Private Enterprises in January 2010 contained in a new Part II to the CICA Handbook and an exposure draft in March 2010 on Accounting Standards for Not-for-Profit Organizations (NPOs).

The AcSB is proposing NPOs have their own section in the Handbook comprised of the following:

- Existing standards for NPO's (the 4400 series of standards);
- Specific standards for NPO's included in the exposure draft and comprised of the following:
 - Financial Statement Concepts for NPOs – Section 1001
 - Generally Accepted Accounting Principles for NPOs – Section 1101
 - General Standards of Financial Statement Presentation for NPOs – Section 1401
 - First –time Adoption by NPOs – Section 1501
 - Inventories Held by NPOs – Section 3032; and
- The new Accounting Standards for Private Enterprises to the extent they would apply to NPOs.

NPOs will have the option to choose whether to adopt International Financial Reporting Standards ("IFRS"), or the new standards proposed in the above exposure draft. A third option may be offered when the development of standards applicable to government NPO's is complete. The AcSB will evaluate whether those standards should also be an option for other NPO's.

Effective date

Responses to the exposure draft are requested by July 15, 2010.

The proposed new Handbook section for NPOs first time adoption is mandatory for years beginning on or after January 1, 2012 but may be adopted earlier. The AcSB expects that the final standard will be issued late in 2010.

Impact on the financial statements

Management will evaluate the timing and impact of adoption of the new standards as they become available. For the current year, Management has determined that none of these new standards are required and therefore there is no impact on the current year financial statements.

3. Significant accounting policies

Management has prepared these financial statements in accordance with Canadian generally accepted accounting principles as they apply to not-for-profit organizations.

Use of estimates

In preparing the financial statements management is required 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 revenue and expenses and changes in fund balances for the year. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known. Accounts requiring significant estimates and assumptions include investments. Actual results could differ from those estimates. Items included in these financial statements that require estimates are: accounts receivable with respect to collection; investments with respect to valuation; capital assets with respect to useful life; and accrued liabilities.

North York General Hospital Foundation

Notes to the financial statements

March 31, 2010

3. Significant accounting policies (continued)

Fund accounting

The financial statements include the following funds:

- The Unrestricted Fund comprises amounts available for immediate use for the general purpose of the Foundation as determined by the Board of Directors.
- The Restricted Fund comprises amounts that are to be used for specific purposes as specified by the donors, the Board of Directors, or as stipulated by the fundraising appeal.
- The Endowment Fund comprises amounts to be maintained permanently as specified by the donors or the Board of Directors.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue of the respective fund. Contributions are recorded when the cash is received. Pledges are not recorded in these financial statements as they are not legally enforceable claims.

The Foundation recognizes revenue for special events in the year in which the event occurs.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received. Donor-restricted contributions are recognized as revenue of the Restricted Fund unless the capital is to be maintained permanently, in which case the contributions are recognized as revenue of the Endowment Fund.

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Investment income

Investment income is accrued as it is earned. Investment income includes dividend and interest income, and realized and unrealized gains and losses net of investment management fees. Investment income (realized and unrealized gains/losses) subject to external restrictions stipulating that it be added to the principal amount of the endowment is recognized as revenue of the Endowment Fund. All other investment income earned on the Endowment Fund or Restricted Fund that must be spent on donor-restricted activities is recognized as revenue of the Restricted Fund. Unrestricted investment income earned on the Endowment Fund, Restricted Fund and Unrestricted Fund is recognized as revenue of the Unrestricted Fund. Transaction costs are expensed as incurred.

Contributed goods and services

Donors contribute gifts in kind for use in special fundraising events which are recognized at their fair market value when such value can be reasonably estimated. 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.

Contributed securities

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

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, 2010

3. Significant accounting policies (continued)

Financial instruments

Cash and the investment portfolio of the Foundation, which consists primarily of publicly traded pooled investment funds, are designated as 'held for trading' and are valued at fair value as at that date. Held-for-trading investment items are reported on the balance sheet at fair values 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.

New financial instruments are designated by management as appropriate upon acquisition. Transaction costs associated with financial instruments are expensed as incurred and are included in investment income.

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

As allowed under Section 3855 "Financial Instruments – Recognition and Measurement", the Foundation has elected not to account for non-financial contracts as derivatives, and not to account for embodied derivatives in non-financial contracts, leases and insurance contracts as embedded derivatives.

The Foundation has elected to follow the disclosure requirements of Section 3861 – "Financial Instruments – Disclosures and Presentations" of the CICA Handbook.

Financial risk management

The Foundation is subject to market, currency and interest rate risks with respect to its investments.

Market risk

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the Foundation to a risk of loss.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation's investments include non-Canadian equities, the value of which fluctuates in part due to changes in foreign exchange rates. The International Equity pool fund hold assets and liabilities denominated in currencies other than Canadian dollars and this fund is therefore directly exposed to currency risk as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Foundation. The short-term interest bearing investments held by the Foundation have a limited exposure to interest rate risk due to their short-term maturity.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Foundation's credit risk is primarily attributable to its accounts receivable. The balance of accounts receivable in the balance sheet represents the Foundation's maximum exposure at the balance sheet date.

To manage these risks the Foundation has established investment policies which include target mix of investment types and concentration limits designed to achieve the optimum return within reasonable risk tolerances.

North York General Hospital Foundation

Notes to the financial statements

March 31, 2010

3. Significant accounting policies (continued)

Capital assets

Capital assets are recorded at historical cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates:

Furniture and equipment	-	straight line over 5 years
Computer equipment	-	straight line over 5 years

4. Capital assets

	2010		2009	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Furniture and equipment	110,678	101,100	9,578	14,018
Computer and hardware	116,185	94,054	22,131	30,566
	226,863	195,154	31,709	44,584

5. 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 2010, one parcel was sold (2009 - no parcels). As at March 31, 2010, 13 parcels remain to be sold (2009 - 14).

6. Special fundraising events

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

	2010		2009	
	Endowment Funds	Restricted Funds	Endowment Funds	Restricted Funds
	\$	\$	\$	\$
Revenue	301,465	1,384,920	322,928	376,187
Expenses	92,861	918,562	115,805	205,380
	208,604	466,358	207,123	170,807

North York General Hospital Foundation

Notes to the financial statements

March 31, 2010

7. 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:

	2010	2009
	Fair	Fair
	value	value
	\$	\$
Money market	4,214,023	3,664,023
Bonds	21,397,864	18,225,461
Canadian equities	5,132,202	3,721,617
International equities	9,740,187	8,355,415
	40,484,276	33,966,516

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

	2010	2009
	\$	\$
Interest and dividends	1,171,434	1,427,151
Realized net gains	39,930	48,298
Unrealized net losses	2,945,886	(4,158,061)
	4,157,250	(2,682,612)

8. 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.

North York General Hospital Foundation

Notes to the financial statements

March 31, 2010

9. Interfund transfers

The Board of Governors has approved the following transfers among the funds:

	2010	2009
	\$	\$
Endowment funds		
Transfer of realized and unrealized gains (losses) on investments held for the Endowment funds from the General fund to the Endowment funds	3,038,507	(4,276,095)
Transfer of administration and management costs related to the Endowment funds from the General fund to the Endowment funds	(1,248,924)	(838,753)
Transfers from the General fund to the Endowment fund to reflect donor directions	20,500	21,757
	1,810,083	(5,093,091)
Restricted funds		
Transfer from (to) the General fund to the Restricted fund to reflect donor directions	17,000	6,098

10. 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, 2010

11. Capital management (continued)

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, 2010 on a consistent basis with the preceding year.

12. Commitment

As at March 31, 2010 the Foundation has entered into contracts with professional fundraisers to conduct fundraising events during the fiscal year ending March 2011. Total committed costs for the event are approximately \$612,500 (2009 - \$620,000). At March 31, 2010 the statement of financial position includes approximately \$146,272 (2009 - \$111,733) of prepaid expenses consisting primarily of deposits with respect to these events. Approximately \$41,547 (2009 - \$2,900) has been collected in contributions and is included in deferred revenue at March 31, 2010 and March 31, 2009 respectively.

13. Comparative amounts

Effective April 1, 2009 the Foundation has adopted an unclassified format for its statement of financial position. Prior year's figures have been reclassified to conform to this presentation.