

KINGSTON GENERAL HOSPITAL AUXILIARY
FINANCIAL STATEMENTS
AS AT MARCH 31, 2023

**KINGSTON GENERAL HOSPITAL AUXILIARY
TABLE OF CONTENTS
AS AT MARCH 31, 2023**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statements of Revenue and Expenditures and Fund Balances	4 - 10
Statement of Cash Flows	11
Notes to Financial Statements	12-14

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Qualified Opinion

We have audited the financial statements of Kingston General Hospital Auxiliary (the Auxiliary), which comprise the statement of financial position as at March 31, 2023 and the statements of revenue and expenditures and fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Auxiliary as at March 31, 2023, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Auxiliary derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Auxiliary and we were not able to determine whether, as at and for the years ended March 31, 2023 and March 31, 2022, any adjustments might be necessary to donations revenue, excess of revenues over expenditures, assets and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Auxiliary in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing these financial statements, management is responsible for assessing the Auxiliary's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Auxiliary, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Auxiliary's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Auxiliary's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Auxiliary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Auxiliary to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KINGSTON, Canada
XXX

Chartered Professional Accountants
Licensed Public Accountants

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023**

	2023 \$	2022 \$
ASSETS		
CURRENT		
Cash	363,332	394,218
Accounts receivable	25,181	4,058
Inventories	73,848	90,179
Prepaid expenses	1,268	
	463,629	488,455
LOANS RECEIVABLE FROM KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3	90,000	190,000
	553,629	678,455
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	72,064	39,772
Government remittances payable	3,143	3,005
	75,207	42,777
FUND BALANCES		
GENERAL FUND	340,637	408,047
CAFÉ	(20,225)	8,751
GIFT SHOP	142,297	140,774
MEMORIAL FUND	921	1,692
LOTTERY BOOTH	10,503	10,872
TEDDY BEAR FUND	4,289	65,542
	478,422	635,678
APPROVED ON BEHALF OF THE BOARD		
_____ Director		
_____ Director		
	553,629	678,455

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2023**

	2023							2022
	General Fund	Café	Gift Shop	Memorial Fund	Lottery Booth	Teddy Bear Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE	10,667	1,408,013	498,187	729	NIL	26,453	1,944,049	1,705,488
COST OF SALES		702,364	274,835				977,199	805,413
EXPENDITURES	15,077	534,625	171,829		369	2,866	724,766	620,063
	15,077	1,236,989	446,664	NIL	369	2,866	1,701,965	1,425,476
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	(4,410)	171,024	51,523	729	(369)	23,587	242,084	280,012
FUND BALANCE - BEGINNING OF YEAR	408,047	8,751	140,774	1,692	10,872	65,542	635,678	848,187
INTERFUND TRANSFERS	250,000	(200,000)	(50,000)					
DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3	(313,000)			(1,500)		(84,840)	(399,340)	(492,521)
FUND BALANCE - END OF YEAR	340,637	(20,225)	142,297	921	10,503	4,289	478,422	635,678

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2023**

	2023 \$	2022 \$
REVENUE		
Fundraising	713	745
Hair care salon		400
Interest on investments	1,384	3,394
Membership fees		395
Donations - general	8,030	513
Donations - Family Services	540	1,316
	10,667	6,763
EXPENDITURES		
Salaries		29
Hair care salon		388
Service charges	2,210	2,249
Operating expenses	1,261	1,031
Professional fees	9,523	8,305
Sundry	2,083	9,902
	15,077	21,904
EXCESS OF EXPENDITURES OVER REVENUE FOR YEAR	(4,410)	(15,141)
FUND BALANCE - BEGINNING OF YEAR	408,047	569,188
INTERFUND TRANSFERS	250,000	335,000
DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3	(313,000)	(481,000)
FUND BALANCE - END OF YEAR	340,637	408,047

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
CAFÉ
FOR THE YEAR ENDED MARCH 31, 2023**

	2023 \$	2022 \$
REVENUE	1,408,013	1,237,851
COST OF SALES		
Inventory - beginning of year	13,894	10,836
Purchases	699,952	578,494
	713,846	589,330
Inventory - end of year	(11,482)	(13,894)
	702,364	575,436
GROSS MARGIN	705,649	662,415
EXPENDITURES		
Equipment	6,959	305
Salaries	511,023	504,281
Less government subsidy		(69,227)
Repairs and maintenance	6,151	7,814
Sundry	10,492	5,048
	534,625	448,221
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	171,024	214,194
FUND BALANCE - BEGINNING OF YEAR	8,751	69,557
INTERFUND TRANSFERS	(200,000)	(275,000)
FUND BALANCE - END OF YEAR	(20,225)	8,751

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
GIFT SHOP
FOR THE YEAR ENDED MARCH 31, 2023**

	2023 \$	2022 \$
REVENUE	498,187	433,511
COST OF SALES		
Inventory - beginning of year	71,194	94,620
Purchases	266,007	206,551
	337,201	301,171
Inventory - end of year	(62,366)	(71,194)
	274,835	229,977
GROSS MARGIN	223,352	203,534
EXPENDITURES		
Salaries	155,233	153,572
Less government subsidy		(20,006)
Parking - volunteer staff	3,654	2,463
Sundry	12,942	10,648
	171,829	146,677
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	51,523	56,857
FUND BALANCE - BEGINNING OF YEAR	140,774	143,917
INTERFUND TRANSFERS	(50,000)	(60,000)
FUND BALANCE - END OF YEAR	142,297	140,774

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
MEMORIAL FUND
FOR THE YEAR ENDED MARCH 31, 2023**

	2023 \$	2022 \$
REVENUE		
Donations	729	197
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	729	197
FUND BALANCE - BEGINNING OF YEAR	1,692	1,495
DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE AT KGH - Note 3	(1,500)	
FUND BALANCE - END OF YEAR	921	1,692

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
LOTTERY BOOTH
FOR THE YEAR ENDED MARCH 31, 2023**

	2023 \$	2022 \$
REVENUE	NIL	NIL
EXPENDITURES		
Bank charges	45	45
OLG charges	324	
	369	45
EXCESS OF EXPENDITURES OVER REVENUE FOR YEAR	(369)	(45)
FUND BALANCE - BEGINNING OF YEAR	10,872	10,917
FUND BALANCE - END OF YEAR	10,503	10,872

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
TEDDY BEAR FUND
FOR THE YEAR ENDED MARCH 31, 2023**

	2023	2022
	\$	\$
REVENUE		
Fundraising	26,453	27,166
EXPENDITURES		
Purchases	2,866	3,216
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	23,587	23,950
FUND BALANCE - BEGINNING OF YEAR	65,542	53,113
DONATIONS TO KINGSTON HEALTH SCIENCES CENTRE		
AT KGH - Note 3	(84,840)	(11,521)
FUND BALANCE - END OF YEAR	4,289	65,542

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023**

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for year	242,084	280,012
Net change in non-cash working capital balances related to operations - Note 5	26,370	(17,521)
	268,454	262,491
Donations to Kingston Health Sciences Centre at KGH	(399,340)	(492,521)
CASH FLOWS USED IN OPERATING ACTIVITIES	(130,886)	(230,030)
INVESTING ACTIVITIES		
Advances to Kingston Health Sciences Centre at KGH		(150,000)
Advances from Kingston Health Sciences Centre at KGH	100,000	350,000
CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES	100,000	200,000
NET DECREASE IN CASH AND CASH EQUIVALENTS FOR YEAR	(30,886)	(30,030)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	394,218	424,248
CASH AND CASH EQUIVALENTS - END OF YEAR	363,332	394,218
REPRESENTED BY:		
Cash	363,332	394,218

The accompanying notes form an integral part of these financial statements

**KINGSTON GENERAL HOSPITAL AUXILIARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

1. NATURE OF OPERATIONS

Kingston General Hospital Auxiliary (the "Auxiliary") operates a cafe, gift shop and lottery booth at Kingston Health Sciences Centre at KGH ("Hospital") and undertakes various fundraising activities to assist the Hospital.

2. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the Auxiliary that are considered to be particularly significant:

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

(b) Accounting 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accounts receivable and inventory. Actual results could differ from those estimates.

(c) Fund Accounting

These financial statements include the activities of the Auxiliary for which the Board of Directors is legally accountable. In order to properly reflect its activities, the Auxiliary maintains its accounts in accordance with the principles of "fund accounting" in order that limitations and restrictions placed on the use of available resources are observed. Under fund accounting, resources for various purposes are classified for accounting and reporting into funds in accordance with activities or objectives specified.

(d) Inventories

Inventories are valued at the lower of cost and replacement cost.

(e) Revenue Recognition

Revenue is recognized when services are provided or the goods are sold.

**KINGSTON GENERAL HOSPITAL AUXILIARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

2. ACCOUNTING POLICIES (Con't)

(f) Financial Instruments

(i) Measurement of Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Auxiliary has not elected to subsequently carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

(ii) Impairment

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Auxiliary determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Auxiliary expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

3. RELATED PARTY TRANSACTIONS

The Auxiliary raises funds for Kingston Health Sciences Centre at KGH to be allocated to special gifts in a manner satisfactory to the administration of Kingston Health Sciences Centre at KGH.

During the year, the Auxiliary donated \$399,340 (2022 - \$492,521) to Kingston Health Sciences Centre at KGH.

The Auxiliary has a loan receivable of \$90,000 (2022 - \$190,000) from Kingston Health Sciences Centre at KGH, which is payable on demand.

4. COMMITMENT

The Auxiliary has pledged to donate \$2,500,000 to the Hospital for the phase II development of the Hospital site. This donation will be paid over seven years beginning in 2018. As at March 31, 2023, the remaining commitment is \$390,000.

**KINGSTON GENERAL HOSPITAL AUXILIARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

5. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Cash provided from (used in) non-cash working capital is compiled as follows:

	2023	2022
	\$	\$
(INCREASE) DECREASE IN CURRENT ASSETS		
Accounts receivable	(21,123)	771
Due from Canada Revenue Agency		30,172
Inventories	16,330	20,367
Prepaid expenses	(1,268)	
	(6,061)	51,310
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	32,294	(69,319)
Government remittances payable	137	488
	32,431	(68,831)
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	26,370	(17,521)

6. FINANCIAL RISKS AND CONCENTRATIONS OF RISK

The Auxiliary has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risk that arise from transacting financial instruments include credit risk.

(a) Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Auxiliary is exposed to credit risk with respect to accounts receivable and loan receivable from Kingston Health Sciences Centre at KGH. The Auxiliary assesses on a continuous basis the accounts receivable and the loan receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The allowance for doubtful accounts as at March 31, 2023 is \$Nil (2022 - \$Nil).