

Financial Statements of

**THE OTTAWA HOSPITAL  
FOUNDATION/LA FONDATION  
DE L'HÔPITAL D'OTTAWA**

Year ended March 31, 2010



**KPMG LLP**  
**Chartered Accountants**  
Suite 2000  
160 Elgin Street  
Ottawa ON K2P 2P8  
Canada

Telephone (613) 212-KPMG (5764)  
Fax (613) 212-2896  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT TO THE MEMBERS OF THE FOUNDATION

We have audited the statement of financial position of The Ottawa Hospital Foundation/La Fondation de l'Hôpital d'Ottawa as at March 31, 2010 and the statements of operations, changes in fund balances and 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 Ottawa Hospital Foundation/La Fondation de l'Hôpital d'Ottawa 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. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants, Licensed Public Accountants

Ottawa, Canada

April 30, 2010

# THE OTTAWA HOSPITAL FOUNDATION/LA FONDATION DE L'HÔPITAL D'OTTAWA

## Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	2010	2009
<b>Assets</b>		
Current assets:		
Cash	\$ 1,497,761	\$ 2,229,628
Amounts receivable (note 9)	247,343	343,199
Prepaid expenses	15,033	32,447
	<u>1,760,137</u>	<u>2,605,274</u>
Investments (note 3)	79,536,606	70,845,386
Capital assets (note 4)	325,899	347,630
	<u>\$ 81,622,642</u>	<u>\$ 73,798,290</u>
<b>Liabilities and Fund Balances</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 9)	\$ 364,050	\$ 429,814
Grants payable to The Ottawa Hospital	8,324,877	6,975,115
Grants payable to the Ottawa Hospital Research Institute	1,876,193	2,209,914
Deferred revenue	—	66,720
	<u>10,565,120</u>	<u>9,681,563</u>
Fund balances:		
Invested in capital assets	325,899	347,630
Restricted	6,962,678	5,066,352
Endowment	57,457,732	54,490,638
Unrestricted	6,311,213	4,212,107
	<u>71,057,522</u>	<u>64,116,727</u>
Contingent liability (note 8)		
	<u>\$ 81,622,642</u>	<u>\$ 73,798,290</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

# THE OTTAWA HOSPITAL FOUNDATION/LA FONDATION DE L'HÔPITAL D'OTTAWA

## Statement of Operations

Year ended March 31, 2010, with comparative figures for 2009

	Restricted Fund	Endowment Fund	Unrestricted Fund	2010 Total	2009 Total
Revenue:					
Donations	\$ 15,118,998	\$ 2,061,824	\$ 3,678,310	\$ 20,859,132	\$ 17,795,786
Lottery (note 5)	—	—	1,860,969	1,860,969	1,883,065
Investment income (loss) (note 3)	773,708	5,378,765	1,482,441	7,634,914	(8,477,353)
	15,892,706	7,440,589	7,021,720	30,355,015	11,201,498
Expenses:					
Direct fundraising	—	—	933,280	933,280	1,040,701
Other fundraising	—	—	2,449,938	2,449,938	2,622,788
Lottery	—	—	1,443,672	1,443,672	1,538,692
Administrative	—	—	1,043,042	1,043,042	930,274
	—	—	5,869,932	5,869,932	6,132,455
Excess of revenue over expenses, before grants	15,892,706	7,440,589	1,151,788	24,485,083	5,069,043
Grants (note 6)	14,569,572	2,892,502	82,214	17,544,288	16,143,469
Excess (deficiency) of revenue over expenses and grants	\$ 1,323,134	\$ 4,548,087	\$ 1,069,574	\$ 6,940,795	\$(11,074,426)

See accompanying notes to financial statements.

# THE OTTAWA HOSPITAL FOUNDATION/LA FONDATION DE L'HÔPITAL D'OTTAWA

## Statement of Changes in Fund Balances

Year ended March 31 2010, with comparative figures for 2009

	Invested in Capital Assets	Restricted Fund	Endowment Fund	Unrestricted Fund	2010 Total	2009 Total
Balance, beginning of year	\$ 347,630	\$ 5,066,352	\$ 54,490,638	\$ 4,212,107	\$ 64,116,727	\$ 75,191,153
Excess (deficiency) of revenue over expenses and grants	-	1,323,134	4,548,087	1,069,574	6,940,795	(11,074,426)
Purchase of capital assets	44,643	-	-	(44,643)	-	-
Amortization of capital assets	(66,374)	-	-	66,374	-	-
Interfund transfers (note 7)	-	573,192	(1,580,993)	1,007,801	-	-
Balance, end of year	\$ 325,899	\$ 6,962,678	\$ 57,457,732	\$ 6,311,213	\$ 71,057,522	\$ 64,116,727

See accompanying notes to financial statements.



# THE OTTAWA HOSPITAL FOUNDATION/LA FONDATION DE L'HÔPITAL D'OTTAWA

## Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash from operating activities:		
Excess of revenue over expenses, before grants	\$ 24,485,083	\$ 5,069,043
Amortization of capital assets, which does not involve cash	66,374	70,305
Net change in non-cash working capital:		
Amounts receivable	95,856	307,355
Prepaid expenses	17,414	(24,563)
Accounts payable and accrued liabilities	(65,764)	(269,659)
Deferred revenue	(66,720)	27,803
Grants payable	1,016,041	2,879,669
Net cash generated from operating activities	25,548,284	8,059,953
Cash from investing activities:		
Net change in investments	(8,691,220)	9,196,681
Purchase of capital assets	(44,643)	(90,810)
	(8,735,863)	9,105,871
Cash from other activities:		
Grants	(17,544,288)	(16,143,469)
Increase (decrease) in cash	(731,867)	1,022,355
Cash, beginning of year	2,229,628	1,207,273
Cash, end of year	\$ 1,497,761	\$ 2,229,628

See accompanying notes to financial statements.

# THE OTTAWA HOSPITAL FOUNDATION/LA FONDATION DE L'HÔPITAL D'OTTAWA

Notes to Financial Statements

Year ended March 31, 2010

---

The Ottawa Hospital Foundation ("the Foundation") is a public foundation incorporated under the Canada Corporations Act. The mission of the Foundation is to inspire, enable and recognize community support for patient care and enable research at The Ottawa Hospital and the Ottawa Hospital Research Institute.

The Foundation is a registered charity under the Income Tax Act (Business Number 869042747RR0001) and as such is exempt from income taxes and may issue charitable donation receipts.

## **1. Significant accounting policies:**

### **(a) Fund accounting:**

The Foundation follows the restricted fund method of accounting for not-for-profit organizations. Resources received and expended are classified for accounting and reporting purposes into funds according to objectives specified externally by donors or internally by the Board of Directors.

#### **(i) Restricted fund:**

The restricted fund includes those resources to be used for identified purposes as specified externally by donors or internally by the Board of Directors.

#### **(ii) Endowment fund:**

The endowment fund includes those resources for which the donor has stipulated that the capital portion of the funds be maintained permanently and funds designated internally to be for endowment purposes.

#### **(iii) Unrestricted fund:**

The unrestricted fund accounts for the Foundation's general fundraising, granting and administrative activities.

### **(b) Revenue recognition:**

Donations are recorded as revenue when cash is received.

Unrestricted donations are recorded as revenue of the unrestricted fund.

Designated donations represent contributions received for specific purposes and are recorded as revenue of the restricted fund.

# THE OTTAWA HOSPITAL FOUNDATION/LA FONDATION DE L'HÔPITAL D'OTTAWA

Notes to Financial Statements, page 2

Year ended March 31, 2010

---

## 1. Significant accounting policies (continued):

### (b) Revenue recognition (continued):

Endowment donations represent contributions received where only the income earned from investment of the amounts received can be expended and are recorded as revenue of the endowment fund.

Ottawa Hospital and CHEO lottery proceeds are recognized in the fiscal year in which the draw takes place. Staff lottery net proceeds are recognized in the fiscal year in which the twelve month lottery begins.

### (c) Financial instruments:

#### (i) Investments:

Investments are designated as held-for-trading and are recorded at fair value. Fair value is determined at quoted market values. Sales and purchases of long-term investments are recorded on the settlement date. Transaction costs related to the acquisition of investments are expensed.

#### (ii) Other financial instruments:

The Foundation has classified amounts receivable and deferred charges as loans and receivables and accounts payable and accrued liabilities, grants payable to The Ottawa Hospital and grants payable to the Ottawa Hospital Research Institute as other liabilities. Upon initial recognition, these financial assets and liabilities are recorded at fair value and subsequently measured at amortized cost using the effective interest method of amortization.

### (d) Capital assets:

Furniture and equipment are recorded at cost and are amortized on a straight-line basis over five years. Donor walls are recorded at cost and amortized on a straight-line basis over ten years.

### (e) Deferred revenue:

Revenue received with respect to specific fundraising projects have been recorded as deferred revenue and recognized as revenue when the related expenses are incurred.

### (f) Donations-in-kind:

Donations-in-kind are recorded at fair value at the time of the donation.



# THE OTTAWA HOSPITAL FOUNDATION/LA FONDATION DE L'HÔPITAL D'OTTAWA

Notes to Financial Statements, page 3

Year ended March 31, 2010

---

## 1. Significant accounting policies (continued):

### (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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

## 2. Adoption of amendments and new accounting standard:

Effective April 1, 2009, the Foundation adopted the following amendments and new accounting standard:

### (a) *Amendments to Accounting Standards that apply only to Not-For-Profit Organizations:*

These amendments revised the financial statement presentation and disclosure requirements for not-for-profit organizations.

### (b) *Amendments to Section 1000, Financial Statement Concepts:*

These amendments revised the definitions of assets and liabilities and removed the recognition of items as assets and liabilities solely on the basis of matching revenues and expenses.

### (c) *Section 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations:*

This new standard established disclosure requirements for not-for-profit organizations that report their expenses by function and allocate expenses between functions.

Adoption of these amendments and new accounting standard had no effect on the Foundation's financial statements for the year ending March 31, 2010, except for the additional note disclosure in note 13.

# THE OTTAWA HOSPITAL FOUNDATION/LA FONDATION DE L'HÔPITAL D'OTTAWA

Notes to Financial Statements, page 4

Year ended March 31, 2010

## 3. Investments:

Investments are comprised of:

	2010	2009
Cash, treasury bills and term deposits	\$ 5,597,022	\$ 8,046,586
Fixed income securities	28,576,140	26,288,719
Equity investments	45,363,444	36,510,081
	<u>\$ 79,536,606</u>	<u>\$ 70,845,386</u>

Investment income (loss) is summarized as follows:

	2010	2009
Interest, dividends and other	\$ 623,613	\$ 2,116,883
Net realized losses	(1,211,935)	(1,196,382)
Net change in unrealized gains (losses)	8,223,236	(9,397,854)
Investment income (loss)	<u>\$ 7,634,914</u>	<u>\$ (8,477,353)</u>

As at March 31, 2010, the market value of investments include unrealized gains (losses) of \$1,793,937 (2009 – (\$6,429,299)).

## 4. Capital assets:

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 661,580	\$ 588,677	\$ 72,903	\$ 85,167
Donor walls	325,196	72,200	252,996	262,463
	<u>\$ 986,776</u>	<u>\$ 660,877</u>	<u>\$ 325,899</u>	<u>\$ 347,630</u>

Cost and accumulated amortization as at March 31, 2009 amounted to \$942,133 and \$594,503 respectively.

# THE OTTAWA HOSPITAL FOUNDATION/LA FONDATION DE L'HÔPITAL D'OTTAWA

Notes to Financial Statements, page 5

Year ended March 31, 2010

## 5. Lottery proceeds:

The Foundation reports proceeds from two lotteries (The Ottawa Hospital and CHEO lottery and the Staff lottery). The net proceeds from The Ottawa Hospital and CHEO lottery and the Staff lottery were \$233,635 (2009 - \$134,758) and \$183,662 (2009 - \$209,615) respectively.

## 6. Grants:

During this fiscal year, grants of \$17,544,288 (2009 - \$16,143,469) were approved for distribution as follows:

	2010	2009
The Ottawa Hospital – capital acquisitions and patient care	\$ 13,840,747	\$ 12,467,800
Ottawa Hospital Research Institute – capital acquisitions and health research	3,703,541	3,675,669
	<u>\$ 17,544,288</u>	<u>\$ 16,143,469</u>

## 7. Interfund transfers:

Interfund transfers comprise the following:

- net proceeds of various special events which were internally restricted for various purposes;
- an administrative levy charged by the unrestricted fund to the other funds; and
- allocation between funds to reflect board decisions and donor wishes.

## 8. Contingent liability:

The Foundation is contingently liable under letters of credit for \$72,000 related to lottery licenses, which have been issued in the normal course of operations.



# THE OTTAWA HOSPITAL FOUNDATION/LA FONDATION DE L'HÔPITAL D'OTTAWA

Notes to Financial Statements, page 6

Year ended March 31, 2010

---

## **9. Related party transactions:**

The Ottawa Hospital makes certain payments on behalf of the Foundation. Included in accounts payable is an amount of \$224,441 (2009 - \$226,654) payable to The Ottawa Hospital as reimbursement of these payments.

The Ottawa Hospital collects ticket sales and disburses cash prizes for The Ottawa Hospital Staff Lottery. Included in amounts receivable is an amount of \$146,212 (2009 - \$170,170) relating to these activities.

Other related party amounts are disclosed in note 6.

## **10. Pension plan:**

Substantially all of the employees of the Foundation are members of the Hospitals of Ontario Pension Plan (the "Plan"), which 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 based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, which provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2006 indicates the plan is fully funded. Contributions to the plan made during the year by the Foundation on behalf of its employees amounted to \$178,984 (2009 - \$196,728) and are included in the statement of operations.



# THE OTTAWA HOSPITAL FOUNDATION/LA FONDATION DE L'HÔPITAL D'OTTAWA

Notes to Financial Statements, page 7

Year ended March 31, 2010

---

## **11. Capital disclosure:**

The Foundation defines capital as its fund balances. The Foundation's overall objective with its capital is to fund capital acquisitions and patient care for The Ottawa Hospital, capital acquisitions and health research for the Ottawa Hospital Research Institute and its own capital assets, future projects and ongoing operations. The Foundation manages its capital by establishing restricted funds and appropriating amounts to the restricted funds for anticipated future projects, contingencies and other capital requirements.

The Foundation's overall strategy with respect to capital remains unchanged from the year ended March 31, 2009.

## **12. Fair value of financial assets and financial liabilities:**

The Foundation's financial instruments consist of cash, amounts receivable, investments, accounts payable and accrued liabilities, due to The Ottawa Hospital and due to the Ottawa Hospital Research Institute.

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities, due to The Ottawa Hospital and due to the Ottawa Hospital Research Institute approximate their fair values due to the relatively short periods to maturity of the instruments.

Investments are recorded at fair value.

The Foundation's exposure to interest rate risk is limited to its investments in cash, treasury bills and term deposits and fixed income securities, its exposure to credit risk is limited to its equity investments and its exposure to currency risk is limited to those investments denominated in foreign currencies of \$9,344,472 (2009 - \$6,910,978).

## **13. Expense allocation:**

Salary and benefit expenses are allocated from fundraising to administration. The expenses are allocated based on specifically identified employees who are not directly involved in fundraising. The amount allocated for the year ended March 31, 2010 is \$447,511 (2009 - \$402,351).