

**The General Hospital  
(Grey Nuns) of Edmonton  
Hospital Foundation**

Financial Statements

**March 31, 2013, March 31, 2012,  
April 1, 2011**



October 28, 2013

## **Independent Auditor's Report**

**To the Trustees of  
The General Hospital (Grey Nuns) of Edmonton Hospital Foundation**

We have audited the accompanying financial statements of The General Hospital (Grey Nuns) of Edmonton Hospital Foundation, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations and changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

---

*PricewaterhouseCoopers LLP  
TD Tower, 10088 102 Avenue NW, Suite 1501, Edmonton, Alberta, Canada T5J 3N5  
T: +1 780 441 6700, F: +1 780 441 6776*



We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for qualified opinion**

In common with many charitable organizations, The General Hospital (Grey Nuns) of Edmonton Hospital Foundation derives revenue from donations and other fundraising projects, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The General Hospital (Grey Nuns) of Edmonton Hospital Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations and other fundraising projects revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2013 and March 31, 2012 and current assets and net assets as at March 31, 2013, March 31, 2012 and April 1, 2011.

**Qualified opinion**

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The General Hospital (Grey Nuns) of Edmonton Hospital Foundation as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013, and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

# The General Hospital (Grey Nuns) of Edmonton Hospital Foundation

## Statement of Financial Position

	March 31, 2013 \$	March 31, 2012 \$	April 1, 2011 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash	841,037	1,131,536	961,166
Accounts receivable	507,055	104,178	97,697
Due from Covenant Health (note 6)	-	621,242	-
Due from Misericordia Hospital Foundation	-	372,834	1,055,357
Inventories	51,475	-	-
Prepaid expenses	9,126	11,004	63,380
	<u>1,408,693</u>	<u>2,240,794</u>	<u>2,177,600</u>
<b>Investments</b> (note 4)	17,655,745	15,696,593	13,502,617
<b>Capital assets</b> (note 5)	<u>150,000</u>	<u>200,000</u>	<u>-</u>
	<u>19,214,438</u>	<u>18,137,387</u>	<u>15,680,217</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	92,025	147,180	95,375
Deferred revenue	8,970	40,300	11,830
Due to Covenant Health (note 6)	1,034,499	-	149,883
Due to Misericordia Hospital Foundation	36,007	-	-
Current portion due to The Edmonton Chamber of Commerce (note 7)	<u>50,000</u>	<u>50,000</u>	<u>-</u>
	1,221,501	237,480	257,088
<b>Due to The Edmonton Chamber of Commerce</b> (note 7)	<u>93,902</u>	<u>143,902</u>	<u>-</u>
	<u>1,315,403</u>	<u>381,382</u>	<u>257,088</u>
<b>Net Assets</b>			
Donor restricted (note 8)	8,168,558	8,537,252	8,032,938
Unrestricted	(559,182)	(123,371)	(7,811)
Donor endowment	5,403,193	4,795,646	2,912,693
General endowment	<u>4,886,466</u>	<u>4,546,478</u>	<u>4,485,309</u>
	<u>17,899,035</u>	<u>17,756,005</u>	<u>15,423,129</u>
	<u>19,214,438</u>	<u>18,137,387</u>	<u>15,680,217</u>

### Commitments (note 10)

### Approved by the Board of Trustees

\_\_\_\_\_ Trustee \_\_\_\_\_ Trustee

The accompanying notes are an integral part of these financial statements.

# The General Hospital (Grey Nuns) of Edmonton Hospital Foundation

## Statements of Operations and Changes in Net Assets

For the years ended March 31, 2013 and March 31, 2012

	Donor Restricted Funds \$	Unrestricted Funds \$	Donor Endowment Funds \$	General Endowment Funds \$	Total 2013 \$	Total 2012 \$
<b>Revenue</b>						
Home lottery	-	2,536,497	-	-	2,536,497	5,758,003
Charitable donations	279,166	189,596	348,516	-	817,278	3,173,564
Donations from Associates of Caritas (note 9)	211,301	-	-	-	211,301	196,056
Other fundraising projects	78,118	80,751	192,397	-	351,266	856,721
Investment income – net (note 4)	116,289	222,286	247,312	339,988	925,875	114,021
Administrative support (note 6)	-	120,000	-	-	120,000	105,000
	<u>684,874</u>	<u>3,149,130</u>	<u>788,225</u>	<u>339,988</u>	<u>4,962,217</u>	<u>10,203,365</u>
<b>Expenses</b>						
Home lottery	-	2,627,125	-	-	2,627,125	5,285,066
Donations to Covenant Health	1,053,568	-	-	-	1,053,568	885,730
Charitable donations – direct costs	-	5,503	118,159	-	123,662	296,896
Other fundraising projects	-	285,752	62,519	-	348,271	707,733
Administration	-	496,561	-	-	496,561	540,064
Administrative support (note 6)	-	120,000	-	-	120,000	105,000
Amortization	-	50,000	-	-	50,000	50,000
	<u>1,053,568</u>	<u>3,584,941</u>	<u>180,678</u>	<u>-</u>	<u>4,819,187</u>	<u>7,870,489</u>
<b>Excess (deficiency) of revenue over expenses</b>	(368,694)	(435,811)	607,547	339,988	143,030	2,332,876
<b>Net assets – beginning of year</b>	<u>8,537,252</u>	<u>(123,371)</u>	<u>4,795,646</u>	<u>4,546,478</u>	<u>17,756,005</u>	<u>15,423,129</u>
<b>Net assets – end of year</b>	<u>8,168,558</u>	<u>(559,182)</u>	<u>5,403,193</u>	<u>4,886,466</u>	<u>17,899,035</u>	<u>17,756,005</u>

The accompanying notes are an integral part of these financial statements.

# The General Hospital (Grey Nuns) of Edmonton Hospital Foundation

## Statements of Cash Flows

For the years ended March 31, 2013 and March 31, 2012

	2013 \$	2012 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	143,030	2,332,876
Items not affecting cash		
Amortization of capital assets	50,000	50,000
Change in fair value of investments	(430,730)	294,341
	(237,700)	2,677,217
Net change in non-cash working capital items		
Accounts receivable	(402,877)	(6,480)
Due to Covenant Health	1,655,741	(771,125)
Due to Misericordia Hospital Foundation	408,841	682,523
Inventories	(51,475)	-
Prepaid expenses	1,878	52,376
Accounts payable and accrued liabilities	(55,155)	51,805
Deferred revenue	(31,330)	28,470
	1,287,923	2,714,786
<b>Investing activities</b>		
Purchase of investments	(17,528,422)	(12,888,318)
Proceeds on redemption of investments	16,000,000	10,400,000
Payment on debt	(50,000)	-
Purchase of trailers and ornamental lights for the Lights of Hope Project	-	(56,098)
	(1,578,422)	(2,544,416)
<b>(Decrease) increase in cash</b>	(290,499)	170,370
<b>Cash – beginning of year</b>	1,131,536	961,166
<b>Cash – end of year</b>	841,037	1,131,536

The accompanying notes are an integral part of these financial statements.

# The General Hospital (Grey Nuns) of Edmonton Hospital Foundation

## Notes to Financial Statements

March 31, 2013 and March 31, 2012

---

### 1 Purpose of the organization

The General Hospital (Grey Nuns) of Edmonton Hospital Foundation (the Foundation), incorporated under The General Hospital (Grey Nuns) of Edmonton Hospital Act Chapter 99, April 7, 1959, is a registered charitable organization which functions as one of the official fundraising arms of Covenant Health. Covenant Health is an operator of voluntary health facilities and programs within the Province of Alberta.

The Foundation is governed by an appointed Board of Trustees. Its principal purpose is to receive gifts and raise funds to provide donations to Covenant Health. The Foundation supports capital equipment, programs, projects and services related to acute and continuing care, which go beyond publicly funded health care programs and services. Donations to Covenant Health must support the values of Covenant Health, centres of excellence and innovation.

The Foundation is exempt from payment of income tax. Under the terms of the Income Tax Act, the Foundation is required to annually disburse amounts of at least 3.5% of the value of its assets that are not used directly in its charitable programs or their administration. Failure to meet the minimum level of required disbursements during a year may result in the revoking of the Foundation's charitable status. The Foundation has complied with all disbursement level requirements.

The General Hospital (Grey Nuns) of Edmonton Hospital Foundation and the Misericordia Hospital Foundation share certain governance and administrative functions. These financial statements reflect The General Hospital (Grey Nuns) of Edmonton Hospital Foundation's share of these costs which were 75% (2012 – 75%) of total administrative costs in 2013.

### 2 Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Following are the significant accounting policies:

#### a) Fund accounting and revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. The funds used are as follows:

#### i) Donor Restricted Fund

Donor restricted revenue consists of donations and special events, the proceeds of which must be used in accordance with the wishes of the donor or the terms of the fundraising license. Donor restricted expenses consist of costs directly related to earning donor restricted revenues. A portion of the net investment income earned on donor endowment funds is included in the donor restricted fund to be used for purposes specified by the donors.

# The General Hospital (Grey Nuns) of Edmonton Hospital Foundation

## Notes to Financial Statements

March 31, 2013 and March 31, 2012

---

ii) Unrestricted Fund

Unrestricted revenue consists of donations and special events, which have not been designated as endowments or donor restricted revenue. Unrestricted expenses include costs directly related to earning unrestricted revenue and administration costs. Net investment income earned on non-endowment funds is reflected in the unrestricted fund. Net investment income includes realized investment earnings, as well as changes in unrealized investment gains and losses.

iii) Donor Endowment Fund

Donor endowment revenue consists of donations where the amount donated must be maintained in perpetuity. A portion of the net investment income earned on donor endowment funds is included in the donor restricted fund to be used for purposes specified by the donors. Any remaining net investment income is included in the donor endowment fund for distribution in future years. Net investment income includes realized investment earnings, as well as changes in unrealized investment gains and losses.

iv) General Endowment Fund

General endowment revenue consists of donations and special events, where the amount donated/raised must be maintained in perpetuity. Net investment income earned on assets of the general endowment fund is included in the general endowment fund and/or the unrestricted fund, as determined by the needs of the Foundation. Net investment income includes realized investment earnings, as well as changes in unrealized investment gains and losses.

b) Financial instruments

Financial instruments consist of cash, accounts receivable, due (to) from Covenant Health, due (to) from Misericordia Hospital Foundation, investments and accounts payable and accrued liabilities and are initially recorded at fair value. Investments are subsequently measured at fair value with changes in fair value recorded in the statement of operations. All other financial instruments are subsequently recorded at cost or amortized cost.

Transaction costs related to financial assets and liabilities are expensed as incurred. The initial fair value of financial instruments, other than those subsequently measured at fair value, is adjusted for financing fees or transaction costs directly attributable to the origination of the instrument. The Foundation accounts for the purchase and sale of investments using settlement date accounting.

c) Inventories

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



# The General Hospital (Grey Nuns) of Edmonton Hospital Foundation

## Notes to Financial Statements

March 31, 2013 and March 31, 2012

---

d) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Trailers and ornamental light display for the Lights of Hope Project are amortized over their estimated useful lives on a straight line basis at a rate of 20%.

e) Contributed services

Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined.

Volunteers contribute a significant amount of time each year to assist the Foundation in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

### 3 Transition to accounting standards for not-for-profit organizations

Effective April 1, 2012, the Foundation elected to adopt Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board. The accounting policies selected under this framework have been applied consistently and retrospectively as if these policies had always been in effect. The Foundation has not utilized any transitional exemptions on the adoption of ASNPO. There were no adjustments to the statement of financial position or the statements of operations, changes in net assets and cash flows.

### 4 Investments

	March 31, 2013 \$	March 31, 2012 \$	April 1, 2011 \$
Money market	6,647,357	5,546,946	3,801,045
Fixed income	5,064,277	4,786,796	4,127,223
Equities	5,944,111	5,362,851	5,574,349
Total investments	<u>17,655,745</u>	<u>15,696,593</u>	<u>13,502,617</u>

# The General Hospital (Grey Nuns) of Edmonton Hospital Foundation

## Notes to Financial Statements

March 31, 2013 and March 31, 2012

Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur from failure by another party to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

In order to earn optimal financial returns at an acceptable level of risk, the Board has established a policy asset mix for endowment funds of 30% to 70% for fixed income instruments and 30% to 70% for equities, and for non-endowment investment funds of 50% to 90% of fixed income instruments and 10% to 50% for equities.

Equities are comprised of approximately 67% domestic and 33% foreign stocks. Investments are administered on behalf of the Foundation by an investment management firm.

Net investment income consists of:

	2013 \$	2012 \$
Net realized investment income	495,145	408,362
Change in fair value of investments	430,730	(294,341)
	925,875	114,021

## 5 Capital assets

	March 31, 2013		March 31, 2012		April 1, 2011	
	Cost \$	Accumulated amortization \$	Net \$	Net \$	Net \$	Net \$
Trailers and ornamental light display – Lights of Hope Project	250,000	100,000	150,000	200,000	-	-

## 6 Related party transactions

The Board of Directors of Covenant Health has responsibility for appointing the Board of Trustees of the Foundation and as such, exerts control over the Foundation.

Included as administrative support revenue and expenses in the financial statements is an estimate of the value of administrative support and office space received by the Foundation from Covenant Health of \$120,000 (2012 – \$105,000).

# The General Hospital (Grey Nuns) of Edmonton Hospital Foundation

## Notes to Financial Statements

March 31, 2013 and March 31, 2012

	March 31, 2013 \$	March 31, 2012 \$	April 1, 2011 \$
Due from Covenant Health for the funds committed to the Foundation	-	868,589	-
Due to Covenant Health for the outstanding monetary balance of approved donations	(1,034,499)	(247,347)	(149,883)
	<u>(1,034,499)</u>	<u>621,242</u>	<u>(149,883)</u>
Due (to) from Covenant Health	<u>(1,034,499)</u>	<u>621,242</u>	<u>(149,883)</u>

The amount due (to) from Covenant Health is non-interest bearing and will be settled on a current basis.

### 7 Due to The Edmonton Chamber of Commerce

	March 31, 2013 \$	March 31, 2012 \$	April 1, 2011 \$
Amount due to The Edmonton Chamber of Commerce	143,902	193,902	-
Less: Current portion	50,000	50,000	-
	<u>93,902</u>	<u>143,902</u>	<u>-</u>

The amount due to The Edmonton Chamber of Commerce for the purchase of the trailers and ornamental light display for the Lights of Hope Project is non-interest bearing and unsecured.

Repayments over the next three years based on the current repayment schedule are as follows:

	\$
2014	50,000
2015	50,000
2016	<u>43,902</u>
	<u>143,902</u>

# The General Hospital (Grey Nuns) of Edmonton Hospital Foundation

## Notes to Financial Statements

March 31, 2013 and March 31, 2012

---

### 8 Donor restricted net assets

Donor restricted net assets are restricted for the support of operational and capital needs of Covenant Health programs as follows:

	March 31, 2013 \$	March 31, 2012 \$	April 1, 2011 \$
Covenant Health programs			
Caritas Continuing Care Building	3,008,744	3,007,536	3,006,926
Continuing care	2,174,208	2,382,776	2,247,854
Inpatient	2,150,597	2,207,188	2,304,257
Outpatient	824,729	929,472	463,640
Emergency services	10,280	10,280	10,261
	<hr/>	<hr/>	<hr/>
Total donor restricted net assets	8,168,558	8,537,252	8,032,938

### 9 Donations from Associates of Caritas

The Associates of Caritas (AOC), formerly the Caritas Volunteer Association, was created April 1, 1995 by combining the volunteer networks of the Grey Nuns and Edmonton General and Misericordia Hospital Volunteer Associations.

The AOC is an arm's length organization that is governed by its own Board of Directors. The AOC generates revenue to complement and support the activities of Covenant Health for the enhancement of patient care and comfort. AOC donates funds to the Foundation with direction as to how the funds are to be disbursed to the Covenant hospital sites.

### 10 Commitments

The Foundation entered into a stipulated price contract with the Misericordia Hospital Foundation in the amount of \$1,500,000 with Marcson Homes for construction of a home. The home is part of the "grand prize" for the Caritas Hospital Foundation lottery which commences August 2013. This commitment will be incurred in full in the next fiscal year.

The Foundation has committed to raise certain endowments for the benefit of Covenant Health programs, of which \$2,468,894 has yet to be raised as at March 31, 2013. The Foundation has committed to fund various Covenant Health projects of which \$1,067,555 remains to be transferred to Covenant Health at March 31, 2013.

The Foundation receives restricted donations from various donors which are recorded as revenue in the Donor Restricted Fund in the Statement of Operations. Certain equipment items have been committed to be purchased by Covenant Health with these restricted donations totalling \$1,352,961 March 31, 2013. The committed funds will be transferred to Covenant Health on a reimbursement basis as the equipment is purchased.

