



Grant Thornton

Financial Statements

Thunder Bay Regional Health Sciences Foundation

March 31, 2008

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## Auditors' Report

To the Directors of  
Thunder Bay Regional Health Sciences Foundation

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We have audited the balance sheet of Thunder Bay Regional Health Sciences Foundation as at March 31, 2008 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.

Except as explained in the following paragraph, 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 common with many not-for-profit organizations, the Foundation derives a portion of its revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Foundation and we were unable to determine whether any adjustments for unrecorded revenue might be necessary to donations, excess (shortfall) of revenue over expenses, assets and fund balances.

In our opinion, except for the effects of adjustments, if any, which might have been required had we been able to satisfy ourselves with respect to the completeness of donations revenue referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

Thunder Bay, Canada  
July 11, 2008

Chartered Accountants  
Licensed Public Accountants

# Thunder Bay Regional Health Sciences Foundation

## Balance Sheet

As at March 31

	2008	2007
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	1,895,747	2,324,352
Investments at market value [2007 at cost] [note 3]	4,724,123	3,977,971
Accounts receivable	61,833	21,263
<b>Total current assets</b>	<b>6,681,703</b>	<b>6,323,586</b>
<b>Property and equipment, net [note 4]</b>	<b>12,714</b>	<b>18,063</b>
	<b>6,694,417</b>	<b>6,341,649</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current</b>		
Accounts payable	67,899	25,554
Due to Thunder Bay Regional Health Sciences Centre [note 5]	71,590	503,375
<b>Total current liabilities</b>	<b>139,489</b>	<b>528,929</b>
<b>Fund balances</b>		
Restricted	5,804,519	3,131,550
Unrestricted	737,695	2,663,107
Invested in property and equipment	12,714	18,063
<b>Total fund balances</b>	<b>6,554,928</b>	<b>5,812,720</b>
	<b>6,694,417</b>	<b>6,341,649</b>

Subsequent event [note 11]

See accompanying notes to the financial statements.

On behalf of the Board:

Director  


Director  


# Thunder Bay Regional Health Sciences Foundation

## Statement of Operations

Year ended March 31

	General Fund		Restricted Funds						2007 Total \$	2008 Total \$	2007 Total \$	2008 Total \$
	2008 \$	2007 \$	Designated Department Donations \$	Designated Equipment Donations \$	Endowment Funds \$	Beyond Compare Fund \$	Cardiac/MRI Campaign Fund \$	2008 Total \$				
<b>REVENUE</b>												
Donations	281,356	451,217	204,817	223,770	35,091	7,500	986,995	1,458,173	1,392,560	1,739,529	1,843,777	1,843,777
Exchange loss	(18,449)	(685)	—	—	(10,721)	—	—	(10,721)	(29)	(29,170)	(714)	(714)
Gain on sale of investments	300,397	188,112	—	—	174,574	—	—	174,574	7,540	474,971	195,652	195,652
Gaming	—	—	—	4,564	—	—	88,910	93,474	108,232	93,474	108,232	108,232
Interest	124,852	206,872	—	369	68,299	—	7,003	75,671	13,346	200,523	220,218	220,218
Lifeline	4,990	3,675	—	—	—	—	—	—	—	4,990	3,675	3,675
Other	6,205	16,731	—	—	—	—	—	—	—	6,205	16,731	16,731
	<b>699,351</b>	<b>865,922</b>	<b>204,817</b>	<b>228,703</b>	<b>267,243</b>	<b>7,500</b>	<b>1,082,908</b>	<b>1,791,171</b>	<b>1,521,649</b>	<b>2,490,522</b>	<b>2,387,571</b>	<b>2,387,571</b>
<b>EXPENSES</b>												
Amortization	13,212	13,632	—	—	—	—	—	—	—	13,212	13,632	13,632
Bank charges	5,644	4,671	—	—	—	—	—	—	—	5,644	4,671	4,671
Catering/meetings	7,021	4,140	—	—	—	—	—	—	33	7,021	4,173	4,173
Conference and seminars	8,235	4,228	—	—	—	—	—	—	—	8,235	4,228	4,228
Equipment rentals and repairs	2,363	1,657	—	—	—	—	—	—	—	2,363	1,657	1,657
Fundraising	124,068	104,244	3,000	34,005	—	—	194,957	231,962	196,895	356,030	301,139	301,139
Gifts-in-kind	2,000	9,070	606	—	—	—	58,740	59,346	56,000	61,346	65,070	65,070
Investment fees	17,706	42,527	—	—	10,290	—	—	10,290	1,705	27,996	44,232	44,232
Memberships	2,118	2,749	—	—	—	—	—	—	—	2,118	2,749	2,749
Office	24,764	17,442	—	—	—	—	—	—	—	24,764	17,442	17,442
Professional fees and consulting services	178,566	34,201	—	—	—	—	1,172	1,172	—	179,738	34,201	34,201
Salaries and benefits	286,056	305,413	—	—	—	—	114,444	114,444	57,513	400,500	362,926	362,926
Travel	8,312	7,861	—	—	—	—	—	—	—	8,312	7,861	7,861
	<b>680,065</b>	<b>551,835</b>	<b>3,606</b>	<b>34,005</b>	<b>10,290</b>	<b>—</b>	<b>369,313</b>	<b>417,214</b>	<b>312,146</b>	<b>1,097,279</b>	<b>863,981</b>	<b>863,981</b>
Donations	25,354	70,538	108,278	45,517	—	582,696	9,975	746,466	803,792	771,820	874,330	874,330
	<b>705,419</b>	<b>622,373</b>	<b>111,884</b>	<b>79,522</b>	<b>10,290</b>	<b>582,696</b>	<b>379,288</b>	<b>1,163,680</b>	<b>1,115,938</b>	<b>1,869,099</b>	<b>1,738,311</b>	<b>1,738,311</b>
<b>Excess (shortfall) of revenue over expenses for year</b>	<b>(6,068)</b>	<b>243,549</b>	<b>92,933</b>	<b>149,181</b>	<b>256,953</b>	<b>(575,196)</b>	<b>703,620</b>	<b>627,491</b>	<b>405,711</b>	<b>621,423</b>	<b>649,260</b>	<b>649,260</b>

See accompanying notes to the financial statements.

# Thunder Bay Regional Health Sciences Foundation

## Statement of Changes in Fund Balances

Year ended March 31

	General Fund		Restricted Funds							
	Unrestricted Equipment	Invested in Property and	Designated Department Donations	Designated Equipment Donations	Endowment Funds	Beyond Compare Campaign Fund	Cardiac/MRI Campaign Fund	2008 Total	2007 Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	2,663,107	18,063	421,289	312,418	1,418,566	582,697	396,580	3,131,550	1,473,549	5,163,460
Excess (shortfall) of revenue over expenses for year	(6,068)	—	92,933	149,181	256,953	(575,196)	703,620	627,491	405,711	649,260
Net change in invested in property and equipment	5,349	(5,349)	—	—	—	—	—	—	—	—
Interfund transfers <i>[note 7]</i>	(2,001,077)	—	—	—	1,001,077	—	1,000,000	2,001,077	1,252,290	—
Adjustment for change in accounting policies <i>[note 2]</i>	459,109	—	—	—	18,234	—	—	18,234	—	477,343
Change in unrealized gain on available-for-sale financial instruments	(382,725)	—	—	—	26,167	—	—	26,167	—	(356,558)
<b>Balance, end of year</b>	<b>737,695</b>	<b>12,714</b>	<b>514,222</b>	<b>461,599</b>	<b>2,720,997</b>	<b>7,501</b>	<b>2,100,200</b>	<b>5,804,519</b>	<b>3,131,550</b>	<b>5,812,720</b>

See accompanying notes to the financial statements.

# Thunder Bay Regional Health Sciences Foundation

## Statement of Cash Flows

Year ended March 31	2008	2007
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenue over expenses for year		
General Fund	(6,068)	243,549
Restricted Funds	627,491	405,711
Add charges (deduct credits) to earnings not involving a current payment (receipt) of cash		
Amortization	13,212	13,632
Exchange loss		
General Fund	18,449	685
Restricted Funds	10,721	29
Gain on sale of investments		
General Fund	(300,397)	(188,112)
Restricted Funds	(174,574)	(7,540)
	<b>188,834</b>	<b>467,954</b>
Net change in non-cash working capital balances related to operations <i>[note 6]</i>	(430,010)	(487,477)
<b>Cash used in operating activities</b>	<b>(241,176)</b>	<b>(19,523)</b>
<b>INVESTMENT ACTIVITIES</b>		
Purchase of property and equipment	(7,863)	(4,722)
Purchase of investments, net	(179,566)	(61,724)
<b>Cash used in investment activities</b>	<b>(187,429)</b>	<b>(66,446)</b>
<b>Decrease in cash during year</b>	<b>(428,605)</b>	<b>(85,969)</b>
Cash, beginning of year	2,324,352	2,410,321
<b>Cash, end of year</b>	<b>1,895,747</b>	<b>2,324,352</b>

See accompanying notes to the financial statements.

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# Thunder Bay Regional Health Sciences Foundation

## Notes to the Financial Statements

March 31, 2008

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### GENERAL

Thunder Bay Regional Health Sciences Foundation is incorporated under the laws of Ontario as a corporation without share capital and is a registered charity under the Income Tax Act. Its principal activity is the raising of capital funds for use in the Thunder Bay Regional Health Sciences Centre. This activity is undertaken through Lifeline services and through donation receipts and campaigns.

### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

#### Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue in the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate Restricted 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.

Investment income earned on restricted fund resources is recognized in the appropriate Restricted Fund. Other investment income is recognized as revenue of the General Fund when earned.

#### Property and equipment

Property and equipment are recorded at cost and are amortized using the straight-line method over five years. Amortization is expensed in the General Fund.

#### Pledges

Pledges to donate funds to the Foundation are not recorded until such time as the funds are received, as they do not represent legally enforceable claims against donors.

#### Investment valuation

Investments include funds invested by the Foundation which are managed by an external fund manager. Investments are valued at fair value. However, when there has been other than a temporary decline in the value of an individual security, the investment is adjusted to reflect market value.

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# Thunder Bay Regional Health Sciences Foundation

## Notes to the Financial Statements

March 31, 2008

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### Exchange translation

A portion of the Foundation's investment activity is transacted in U.S. dollars. Transactions denominated in U.S. dollars are translated to Canadian dollars by applying average exchange rates in effect during the month in which the transaction occurred. At year-end, monetary assets denominated in U.S. dollars are translated using the exchange rate at that date. Any resulting exchange gains and losses are included in earnings in the current year.

### Fund accounting

In order to ensure observance of limitations and restrictions placed on funds administered by the Foundation, the accounts of the Foundation are maintained in accordance with the principles of "Fund Accounting". Under these principles, resources for various purposes are classified for accounting purposes into funds whose transactions are grouped together and treated in accordance with the particular activities or objectives specified.

- [a] The General Fund is used to account for donation revenues not specifically earmarked for any other fund. Accumulated funds are to be expensed for administrative and operational costs and for charitable purposes to assist the Thunder Bay Regional Health Sciences Centre and others to carry out health research projects, to fund major renovations and equipment purchases, and to provide additional support for patient care programs and services.
- [b] The Designated Department Donations Fund is used to account for donations that have been earmarked for specific hospital departments at the Thunder Bay Regional Health Sciences Centre.
- [c] The Designated Equipment Donations Fund is used to account for donations that have been earmarked for specific hospital equipment at the Thunder Bay Regional Health Sciences Centre.
- [d] The Endowment Fund is used to account for donations where either donor or internal restrictions require that the principal must be maintained by the Foundation for a specified period of time.
- [e] The Care Beyond Compare Campaign Fund, including the Continuing to Care Campaign, was established as a result of the Foundation agreeing to undertake a public campaign over 5 years to raise funds to build and equip a new hospital. The Fund is used to accumulate donations and other special fundraising revenue, less the costs incurred to generate this revenue.
- [f] The Cardiac/MRI Campaign Fund was established as a result of the Foundation agreeing to undertake a public campaign over 3 to 5 years to raise \$4.178 million for equipment in the new Cardiac Catheterization Lab and other associated cardiac and angioplasty equipment and a new MRI. The Fund is used to accumulate donations and other special fundraising revenue, less the costs incurred to generate this revenue. As at March 31, 2008, \$1.551 million has been donated to the Thunder Bay Regional Health Sciences Centre towards the Foundation's commitment.

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# Thunder Bay Regional Health Sciences Foundation

## Notes to the Financial Statements

March 31, 2008

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### Gifts-in-kind

The Foundation records gifts-in-kind based on their fair market value. The gifts-in-kind are recorded as donation revenue and as gifts-in-kind expense in the period that they are received.

### Financial instruments

As a result of the adoption of the new standards described in note 2, the Foundation has classified cash as held-for-trading, investments as available for sale, accounts receivable as loans and receivables, accounts payable and due to Thunder Bay Regional Health Sciences Centre as other financial liabilities.

## 2. CHANGE IN ACCOUNTING POLICIES

On April 1, 2007, the Foundation adopted the CICA Handbook Sections 3855, "Financial Instruments - Recognition and Measurement", 1530, "Comprehensive Income" and 3861, "Financial Instruments - Disclosure and Presentation". These standards have been applied without restatement of prior periods.

The standards require that financial assets are classified as held-for-trading ("HFT"), held-to-maturity ("HTM"), available for sale ("AFS") or loans and receivables ("L&R"). Financial liabilities are classified as HFT or other financial liabilities ("OFL"). Financial assets and liabilities are initially recognized at fair value with the subsequent measurement based on classification. The classification depends on the purpose for which the financial instruments were acquired, their characteristics and choice where applicable.

All financial instruments, including derivatives, are measured at fair value except for L&R, HTM and OFL which are measured at amortized cost using the effective interest method. Changes in the fair value of HFT instruments are recognized in the statement of operations. Changes in unrealized gains and losses on AFS instruments are recognized in the statement of changes in fund balances until realized through sale or other than temporary impairment. Investment income comprising interest, dividends and realized gains and losses is recognized in the statement of operations.

Fair values are based on quoted market values where available from active markets, otherwise fair values are estimated using a variety of valuation techniques and models.

Transaction costs related to HFT instruments are expensed as incurred.

The adoption of the new standards resulted in a transitional adjustment increasing opening investments by \$477,343, increasing opening unrestricted fund balance by \$459,109 and increasing opening endowment fund balance by \$18,234.

# Thunder Bay Regional Health Sciences Foundation

## Notes to the Financial Statements

March 31, 2008

### 3. INVESTMENTS

	2008		2007	
	Cost \$	Market value \$	Cost \$	Market value \$
Fixed income	1,846,468	1,910,188	2,631,990	2,631,499
Stocks	2,756,870	2,813,935	1,345,981	1,823,815
	<b>4,603,338</b>	<b>4,724,123</b>	<b>3,977,971</b>	<b>4,455,314</b>

The fixed income investments have effective interest rates of 4.00% to 6.38% [2007 - 3.25% to 7.60%].

### 4. PROPERTY AND EQUIPMENT

Details of year-end property and equipment balances are as follows:

	2008		2007	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Computer equipment	62,149	55,462	64,018	59,910
Furniture	42,338	36,311	42,338	28,383
	<b>104,487</b>	<b>91,773</b>	<b>106,356</b>	<b>88,293</b>
<b>Property and equipment, net</b>		<b>12,714</b>		<b>18,063</b>

### 5. RELATED PARTY TRANSACTIONS

The Thunder Bay Regional Health Sciences Centre, a recipient of a majority of the Foundation's fundraising revenue, provides payroll services and office space at no cost to the Foundation.

An amount of \$743,071 [2007 - \$807,025] was donated to the Thunder Bay Regional Health Sciences Centre for capital purposes. The net amount payable of \$71,590 [2007 - \$503,375] to the Thunder Bay Regional Health Sciences Centre, consisting of capital and the reimbursement of expenses, is transferred on a monthly basis.

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# Thunder Bay Regional Health Sciences Foundation

## Notes to the Financial Statements

March 31, 2008

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### 6. STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2008	2007
	\$	\$
Accounts receivable	<b>(40,570)</b>	(3,857)
Accounts payable	<b>42,345</b>	(3,179)
Due to Thunder Bay Regional Health Sciences Centre	<b>(431,785)</b>	(480,441)
	<b>(430,010)</b>	(487,477)

### 7. INTERFUND TRANSFERS

In 2006, the Foundation transferred funds of \$349,434 from the Unrestricted General Fund to the Cardiac/MRI Campaign Fund to meet its commitment to the Thunder Bay Regional Health Sciences Centre. It is the Foundation's intention to transfer funds back to the Unrestricted General Fund once the pledges of the Cardiac/MRI Campaign Fund are collected. At year-end, \$nil has been transferred back to the Unrestricted General Fund.

In 2008, the Foundation transferred funds of \$1,000,000 from the Unrestricted General Fund to the Northern Cardiac Endowment Fund through Board resolution. This amount represents a Board directed internally restricted endowment fund.

In 2008, the Foundation transferred funds of \$1,077 from the Unrestricted General Fund to the Bequest Endowment Fund through Board resolution. This amount represents a Board directed internally restricted endowment fund.

In 2008, the Foundation transferred funds of \$1,000,000 from the Unrestricted General Fund to the Cardiac/MRI Campaign Fund through Board resolution. It is the Foundation's intention to transfer 50% of the funds back to the General Cardiac Fund and 50% to the General Healthcare Fund up to the original \$1,000,000 once the pledges of the campaign have been collected.

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# Thunder Bay Regional Health Sciences Foundation

## Notes to the Financial Statements

March 31, 2008

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### 8. ENDOWMENT FUNDS

The Foundation's endowment funds consist of externally restricted and internally restricted endowment funds, which consist of the following:

	2008	2007
	\$	\$
<b>Externally restricted</b>		
Alexandra Cameron Paterson Memorial	35,222	29,713
Dr. Douglas Rathbone Scholarship	34,308	28,942
Duncan Robert Harrison Estate	40,343	34,034
General Endowment	12,350	10,419
Lloyd & Verna Gilbert Ophthalmology	28,432	—
The General Hospital of Port Arthur School of Nursing Alumnae (1909-1970) Cardiology	46,942	38,954
Thunder Bay Credit Unions	37,850	24,213
	<b>235,447</b>	<b>166,275</b>
<b>Internally restricted</b>		
Bequest	300,145	252,291
General Healthcare	1,185,405	1,000,000
Northern Cardiac	1,000,000	—
	<b>2,485,550</b>	<b>1,252,291</b>
	<b>2,720,997</b>	<b>1,418,566</b>

### 9. FINANCIAL INSTRUMENTS

The Foundation's financial instruments are included in the balance sheet and comprised of cash, investments, accounts receivable, accounts payable and due to Thunder Bay Regional Health Sciences Centre. The fair values of these instruments, excluding investments, approximate their carrying amounts due to the short-term maturity of these instruments. The fair value of investments is disclosed in note 3.

### 10. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2008 financial statements.

### 11. SUBSEQUENT EVENT

On January 2, 2008, an agreement was signed with the the Northern Cancer Research Foundation - Northwestern Ontario Region to amalgamate the two foundations as of April 1, 2008 and continue operations under the name Thunder Bay Regional Health Sciences Foundation.