
FOUNDATION OF CHATHAM-KENT HEALTH ALLIANCE

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2006

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MARCH 31, 2006

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AUDITORS' REPORT

To the Directors of
Foundation of Chatham-Kent Health Alliance

We have audited the consolidated statement of financial position of the Foundation of Chatham-Kent Health Alliance as at March 31, 2006 and the consolidated statement of operations 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 charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of donations revenue was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustment might be necessary to donations revenue, excess of revenue over expenditure, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

August 29, 2006

Chartered Accountants

FOUNDATION OF CHATHAM-KENT HEALTH ALLIANCE
(Incorporated without share capital under the Laws of Ontario)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2006

ASSETS	2006	2005
CURRENT		
Cash and short-term investments	\$ 4,850,486	\$ 4,151,724
Accounts receivable and other	23,083	25,618
Prepaid expenses	13,144	-
Other assets	28,650	28,650
	4,915,363	4,205,992
CAPITAL ASSETS (Note 2)	10,093	14,758
	\$ 4,925,456	\$ 4,220,750

LIABILITIES AND NET ASSETS

	2006	2005
CURRENT		
Accounts payable and accrued liabilities	\$ 251,905	\$ 420,791
Deferred income	8,175	-
	260,080	420,791
NET ASSETS		
Externally restricted	3,536,599	1,509,240
Internally restricted	-	558,774
Unrestricted	1,118,684	1,717,187
Investment in capital assets	10,093	14,758
	4,665,376	3,799,959
	\$ 4,925,456	\$ 4,220,750

APPROVED ON BEHALF OF THE BOARD

_____ **TRUSTEE**
_____ **TRUSTEE**

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

FOUNDATION OF CHATHAM-KENT HEALTH ALLIANCE

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2006

	2006	2005
REVENUES		
Donations and other contributions	\$ 1,854,750	\$ 1,573,098
Bequests	225,000	125,000
Annual fundraising and special events	260,371	363,648
Interest	261,356	185,562
	2,601,477	2,247,308
EXPENSES		
Donations in support of Chatham-Kent Health Alliance	1,248,429	1,464,072
Administration	-	35,523
Salaries and benefits	286,982	364,160
Other operating	157,919	185,153
Annual fundraising and special events	34,647	65,952
Amortization	8,082	13,913
	1,736,059	2,128,773
EXCESS OF REVENUE OVER EXPENSES	\$ 865,418	\$ 118,535

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

FOUNDATION OF CHATHAM-KENT HEALTH ALLIANCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2006

In April 1998, the Foundation of Chatham-Kent Health Alliance was established. This Foundation has equal representation from Public General Hospital Foundation of Chatham, St. Joseph's Hospital Foundation of Chatham and Sydenham District Hospital Foundation. The three Hospital Foundations have agreed that they will devote their energy and resources to the capital campaign of the Foundation of Chatham-Kent Health Alliance during such time they will not actively engage in other fundraising activities.

The foundations have been established to receive and maintain funds and other property to enhance patient care for the Chatham-Kent Health Alliance and its member hospitals. Each foundation is governed by separate volunteer boards of directors. The foundations are all administered by the staff of the Foundation of the Chatham-Kent Health Alliance. The four foundations are registered charities under the Income Tax Act and accordingly are exempt from income taxes provided certain requirements of the Income Tax Act are met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with generally accepted accounting principles. The recommendations of the Canadian Institute of Chartered Accountants for not-for-profit organizations have been adopted.

(a) BASIS OF CONSOLIDATION

These financial statements include the results of the following organizations:

Foundation of the Chatham-Kent Health Alliance
The Public General Hospital Foundation
St. Joseph's Hospital Foundation of Chatham
Sydenham District Hospital Foundation

All the entities listed above have fiscal year-ends of March 31, 2006 except for St. Joseph's Hospital Foundation of Chatham. The St. Joseph's Hospital Foundation of Chatham has a December 31, 2005 year-end. The results for St. Joseph's Hospital Foundation from December 31, 2005 to March 31, 2006 would not materially change the results reported in these consolidated financial statements.

(b) RESTRICTED NET ASSETS

The restricted net assets consists of donations restricted in their use by donors.

(c) REVENUE RECOGNITION

Donations are recognized as revenue in the year received.

Investment income earned on both unrestricted and restricted funds is reported in the unrestricted fund unless there are restrictions imposed by contributors of restricted funds.

FOUNDATION OF CHATHAM-KENT HEALTH ALLIANCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) CAPITAL ASSETS

Purchased capital assets are recorded in the investment in capital assets at cost. Contributed capital assets are recorded at fair value when fair value can be reasonably estimated. Amortization of office equipment is provided using the straight-line method at the annual rate of 20%. Amortization is reported as a reduction to the investment in capital assets. Assets held by the Sydenham District Hospital are not being amortized.

(e) DONATED ASSETS

Donated assets are recorded at fair value when received.

(f) CONTRIBUTED SERVICES

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(g) COMPENSATED ABSENCES

Compensated absences are accrued for all employees as entitlement to these payments is earned, in accordance with the Foundation's benefit plans for vacation, sick leave and retirement allowances.

2. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2006	Net 2005
Office equipment	\$ 95,292	\$ 85,199	\$ 10,093	\$ 14,758

3. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair value of the Foundation's cash and short-term investments, other assets, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts to the short-term maturity of these financial instruments and/or they bear interest rates which approximate current market rates.

FOUNDATION OF CHATHAM-KENT HEALTH ALLIANCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2006

4. RELATED PARTY TRANSACTIONS

During the year, the Public General Hospital Foundation transferred the majority of its net assets to the Foundation of Chatham-Kent Health Alliance. All investment income earned on these net assets is to be used to support the operations of the Foundation.

In prior years, the Public General Hospital Foundation would direct a portion of its investment earnings to the Foundation of Chatham-Kent Health Alliance. In 2005, the Public General Hospital Foundation transferred \$35,523 which is included in donation revenue for that year.

5. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the method of financial statement presentation adopted for the current year.

FOUNDATION OF CHATHAM-KENT HEALTH ALLIANCE

CONSOLIDATED SCHEDULE OF FINANCIAL POSITION

AS AT MARCH 31, 2006

	ASSETS									
	<u>SDHF</u>		<u>SJHF</u>		<u>PGHF</u>		<u>FCKHA</u>		<u>CONSOLIDATED</u>	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
CURRENT										
Cash and short-term investments	\$ 147,603	\$ 142,537	\$ 876,715	\$ 706,316	\$ -	\$ 1,658,605	\$ 3,826,168	\$ 1,644,266	\$ 4,850,486	\$ 4,151,724
Accounts receivable and other	123	891	380	207	-	17,591	22,580	6,929	23,083	25,618
Prepaid expenses	-	-	-	-	-	-	13,144	-	13,144	-
Other assets	-	-	-	-	28,650	28,650	-	-	28,650	28,650
	147,726	143,428	877,095	706,523	28,650	1,704,846	3,861,892	1,651,195	4,915,363	4,205,992
CAPITAL ASSETS	7,360	7,360	-	-	-	-	2,733	7,398	10,093	14,758
	\$ 155,086	\$ 150,788	\$ 877,095	\$ 706,523	\$ 28,650	\$ 1,704,846	\$ 3,864,625	\$ 1,658,593	\$ 4,925,456	\$ 4,220,750

	LIABILITIES AND NET ASSETS									
	<u>SDHF</u>		<u>SJHF</u>		<u>PGHF</u>		<u>FCKHA</u>		<u>CONSOLIDATED</u>	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
CURRENT										
Accounts payable and accrued liabilities	\$ 1,000	\$ 1,500	\$ 27,298	\$ 4,805	\$ 1,250	\$ 8,883	\$ 222,357	\$ 405,603	\$ 251,905	\$ 420,791
Deferred income	-	-	-	-	-	-	8,175	-	8,175	-
	1,000	1,500	27,298	4,805	1,250	8,883	230,532	405,603	260,080	420,791
NET ASSETS										
Externally restricted	77,358	78,328	487,591	292,007	-	617,305	2,971,650	521,600	3,536,599	1,509,240
Internally restricted	-	-	-	-	-	558,774	-	-	-	558,774
Unrestricted	69,368	63,600	362,206	409,711	27,400	519,884	659,710	723,992	1,118,684	1,717,187
Investment in capital assets	7,360	7,360	-	-	-	-	2,733	7,398	10,093	14,758
	154,086	149,288	849,797	701,718	27,400	1,695,963	3,634,093	1,252,990	4,665,376	3,799,959
	\$ 155,086	\$ 150,788	\$ 877,095	\$ 706,523	\$ 28,650	\$ 1,704,846	\$ 3,864,625	\$ 1,658,593	\$ 4,925,456	\$ 4,220,750

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

FOUNDATION OF CHATHAM-KENT HEALTH ALLIANCE

CONSOLIDATED SCHEDULE OF OPERATIONS

FOR THE YEAR ENDED MARCH 31

	<u>SDHF</u>		<u>SJHF</u>		<u>PGHF</u>		<u>FCKHA</u>		<u>CONSOLIDATED</u>	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
REVENUES										
Donations and other contributions	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ 1,654,750	\$ 1,573,098	\$ 1,854,750	\$ 1,573,098
Bequests	-	-	-	-	225,000	125,000	-	-	225,000	125,000
Annual fundraising and special events	3,907	160	24,083	19,990	-	-	232,381	343,498	260,371	363,648
Interest	2,503	2,000	42,306	12,154	118,030	139,648	98,517	31,760	261,356	185,562
	6,410	2,160	266,389	32,144	343,030	264,648	1,985,648	1,948,356	2,601,477	2,247,308
EXPENSES										
Donations in support of										
Chatham-Kent Health Alliance	969	15,516	111,409	2,805	87,684	88,362	1,048,367	1,357,389	1,248,429	1,464,072
Administration	-	-	-	-	-	35,523	-	-	-	35,523
Salaries and benefits	-	-	-	-	-	-	286,982	364,160	286,982	364,160
Other operating	642	1,880	6,901	1,363	618	17,273	149,758	164,637	157,919	185,153
Annual fundraising and special events	-	-	-	-	-	-	34,647	65,952	34,647	65,952
Amortization	-	-	-	-	-	-	8,082	13,913	8,082	13,913
	1,611	17,396	118,310	4,168	88,302	141,158	1,527,836	1,966,051	1,736,059	2,128,773
EXCESS OF REVENUE OVER EXPENSE										
(EXPENSE OVER REVENUE)	\$ 4,799	\$ (15,236)	\$ 148,079	\$ 27,976	\$ 254,728	\$ 123,490	\$ 457,812	\$ (17,695)	\$ 865,418	\$ 118,535

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