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***SOUTH MUSKOKA HOSPITAL FOUNDATION***

FINANCIAL STATEMENTS

JUNE 30, 2009

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**Bracebridge**

F. Glenn Gordon, C.A.  
G. Howard Fleming, B.A., C.A.

**Parry Sound**

Stephen L. Gingrich, C.A., CFP  
Brandy L. Harris, B.ACC., C.A.

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## AUDITORS' REPORT

To the Members of South Muskoka Hospital Foundation

We have audited Balance Sheet of South Muskoka Hospital Foundation as at June 30, 2009 and the Statements of Changes in Net Assets, Operations 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 non-profit organizations, the Foundation derives receipts from donations and fund raising, 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 Foundation, and we are unable to determine whether any adjustments might be necessary to donation and fund raising revenue, excess of revenues over expenses and net assets.

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 and fund raising receipts referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Gordon Gingrich Harris & Flemming*

Bracebridge, Ontario  
July 24, 2009

Chartered Accountants  
Licensed Public Accountants

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**SOUTH MUSKOKA HOSPITAL FOUNDATION**BALANCE SHEET  
AS AT JUNE 30, 2009

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	2009	2008
<b>ASSETS</b>		
<i>Current</i>		
Cash	\$ 470,614	\$ 223,532
Marketable Investments (Note 1)	1,203,219	745,698
Accrued Interest Receivable	15,635	577
Other Receivables	5,447	2,104
Prepaid Expenses	4,841	6,051
	<u>\$ 1,699,756</u>	<u>\$ 977,962</u>
<i>Capital Assets - Note 2</i>	22,947	24,298
	<u>\$ 1,722,703</u>	<u>\$ 1,002,260</u>
<b>LIABILITIES</b>		
<i>Current</i>		
Accounts Payable and Accrued Liabilities	\$ 15,495	\$ 26,465
Due to Muskoka Algonquin Health Care	589	19,790
	<u>\$ 16,084</u>	<u>\$ 46,255</u>
<b>NET ASSETS</b>		
Unrestricted Net Assets	\$ 1,502,358	\$ 714,546
Externally Restricted Net Assets - Note 3	181,314	217,161
Net Assets Invested in Capital Assets	22,947	24,298
	<u>\$ 1,706,619</u>	<u>\$ 956,005</u>
	<u>\$ 1,722,703</u>	<u>\$ 1,002,260</u>

*The accompanying notes are an integral part of these Financial Statements.*

On Behalf of the Board:

\_\_\_\_\_  
Director

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**SOUTH MUSKOKA HOSPITAL FOUNDATION**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009

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	Unrestricted	Externally Restricted	Invested In Capital Assets	Total 2009	Total 2008
Net Assets, Beginning of Year	\$ 714,546	\$ 217,161	\$ 24,298	\$ 956,005	\$ 1,336,618
Excess of Expenses over Revenue For the Year	787,812	(35,847)	(1,351)	750,614	(380,613)
<b>Net Assets, End of Year</b>	<b>\$1,502,358</b>	<b>\$ 181,314</b>	<b>\$ 22,947</b>	<b>\$ 1,706,619</b>	<b>\$ 956,005</b>

*The accompanying notes are an integral part of these Financial Statements.*

## SOUTH MUSKOKA HOSPITAL FOUNDATION

### STATEMENT OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
<i>Revenue</i>		
Donations		
Community Organizations	\$ 147,550	\$ 256,747
Corporations	152,035	208,012
Foundations	36,516	11,795
Individuals	747,216	1,112,643
In Memoriam	95,645	76,021
Special Projects	31,501	36,491
	\$1,210,463	\$ 1,701,709
Estates	1,298,487	277,704
	\$2,508,950	\$ 1,979,413
Other Income		
Net Investment Income (Loss) - Note 3	(17,959)	50,263
	\$2,490,991	\$ 2,029,676
<i>Expenses</i>		
Advertising	\$ 2,798	\$ 22,083
Amortization	5,661	2,613
Bank Charges and Interest	7,789	7,020
Education and Travel	2,114	2,268
Fundraising	52,262	59,815
General and Office	50,431	40,396
Legal, Audit and Professional Services	26,815	37,410
Printing	1,713	8,358
Wages and Benefits	226,828	217,596
	\$ 376,411	\$ 397,559
<i>Excess of Revenues over Expenses</i>	\$2,114,580	\$ 1,632,117
<i>Contributions Made</i>		
Grants from Endowments	\$ 0	\$ 10,299
Capital Campaign (Phase II) - Note 5	285,000	400,000
Capital Campaign (Diagnostic Imaging) - Note 5	840,000	840,000
Other Designated Gifts	38,966	42,431
Medical Equipment	200,000	200,000
Computer Imaging System	0	520,000
	\$1,363,966	\$ 2,012,730
<b>Excess of Revenue over Expenses and Contributions for the Year</b>	<b>\$ 750,614</b>	<b>\$ (380,613)</b>

The accompanying notes are an integral part of these Financial Statements.

**SOUTH MUSKOKA HOSPITAL FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	2009	2008
<i>Cash Provided by Operating Activities</i>		
Excess of Revenue Over Expenses and Contributions		
For the Year	\$ 750,614	\$ (380,613)
Amortization	5,661	2,613
	\$ 756,275	\$ (378,000)
<i>Changes in Non-Cash Working Capital Balances</i>		
Accounts Receivable	(18,401)	2,914
Prepaid Expense	1,210	(6,050)
Accounts Payable and Accrued Liabilities	(10,970)	16,395
Due to Muskoka Algonquin Health Care	(19,201)	(4,963)
	\$ 708,913	\$ (369,704)
<i>Investing Activities</i>		
Purchase of Capital Assets	\$ (4,310)	\$ (22,322)
<i>Net Change in Cash and Equivalents, During the Year</i>		
	\$ 704,603	\$ (392,026)
<i>Cash and Equivalents, Beginning of the Year</i>		
	969,230	1,361,256
<i>Cash and Equivalents, End of the Year</i>		
	\$ 1,673,833	\$ 969,230
<i>Represented by:</i>		
Cash	\$ 470,614	\$ 223,532
Marketable Investments	1,203,219	745,698
	\$ 1,673,833	\$ 969,230

The accompanying notes are an integral part of these Financial Statements.

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**SOUTH MUSKOKA HOSPITAL FOUNDATION**  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE YEAR ENDED JUNE 30, 2009

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**NATURE AND PURPOSE OF ORGANIZATION**

The South Muskoka Hospital Foundation is a non-profit organization incorporated without share capital under the laws of Ontario. The Foundation is involved in raising funds for the benefit of the South Muskoka Memorial Site and/or persons or associations in the health care field in the community. The Foundation is to be carried on without pecuniary gain to its members and any profits or other accretions are to be used in promoting its objectives.

The Foundation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

**SIGNIFICANT ACCOUNTING POLICIES**

**GENERAL**

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes the revenues as they become available and measurable; expenses are recognized, as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

**REVENUE RECOGNITION**

The Foundation follows the cash method of accounting for contributions. Contributions whether restricted or unrestricted are recognized as revenue of appropriate funds when received.

**USE OF ESTIMATES**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**FOREIGN CURRENCY**

Foreign currency accounts are translated to Canadian dollars as follows: At the transaction date, each asset, liability, revenue or expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate.

**FINANCIAL INSTRUMENTS**

The Foundation's financial instruments consist of cash, marketable investments, accounts receivable, accounts payable and accrued liabilities and amounts due to related parties. The carrying value of financial instruments approximates their fair value due to their short term nature. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, currency or credit risks arising from its financial instruments.

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**SOUTH MUSKOKA HOSPITAL FOUNDATION**  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE YEAR ENDED JUNE 30, 2009

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**CONTRIBUTIONS RECEIVABLE**

The Foundation for accounting purposes does not recognize contributions receivable. Contributions are recognized when cash is received.

**CONTRIBUTED SERVICES**

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

**CONTRIBUTED MATERIALS**

Contributed materials which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

**MARKETABLE INVESTMENTS**

Marketable investments are recorded at cost.

**CAPITAL ASSETS**

Capital assets are recorded at cost. Amortization based on the estimate useful life of the assets are as follows:

Equipment	- 5 - 10 years straight line basis
Computer Equipment	- 5 years straight line basis
Computer Software	- 5 years straight line basis

**PENSION PLAN**

The Foundation maintains a multi-employer defined benefit pension plan which covers substantially all of its employees. Contributions are made to the Hospital of Ontario Pension Plan.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash on hand and bank balances.

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## **SOUTH MUSKOKA HOSPITAL FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

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### **1. MARKETABLE INVESTMENTS**

	2009		2008	
	Cost	Market Value	Cost	Market Value
GIC	\$ 625,775	\$ 625,775	\$ 503,625	\$ 503,625
Mutual Funds	403,000	403,004	241,473	228,963
Common Shares	174,444	185,546	0	0
	<b>\$ 1,203,219</b>	<b>\$ 1,214,325</b>	<b>\$ 745,098</b>	<b>\$ 732,588</b>

Included in the above balance is a restricted endowment amount of \$181,314 (Note 3).

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### **2. CAPITAL ASSETS**

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$ 75,194	\$ 73,167	\$ 74,685	\$ 72,604
Computer Equipment	12,159	6,627	8,358	5,725
Computer Software	50,114	34,726	50,114	30,530
	<b>\$ 137,467</b>	<b>\$ 114,520</b>	<b>\$ 133,157</b>	<b>\$ 108,859</b>
Net Book Value		<b>\$ 22,947</b>		<b>\$ 24,298</b>

### **3. EXTERNALLY RESTRICTED NET ASSETS**

In June, 2001, August, 2003, September, 2004, July 2006, the Foundation received restricted contributions in the amounts of \$ 125,000, \$ 40,747, \$ 18,534, and \$ 32,880 respectively. As designated by the donors, these contributions must be kept invested for a minimum of ten years and the income must be used for nursing and staff education. During the year the funds in which these contributions were invested realized a loss of \$35,847.

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### **4. CONTRIBUTED MATERIALS**

Management has determined the value of contributions of goods and services to be \$ 1,340 (2008 - \$ 2,885). This amount has been recorded as both donation revenue and campaign expenses in the statement of operations and net assets.

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## **SOUTH MUSKOKA HOSPITAL FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

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### **5. CAPITAL CAMPAIGN**

In 1999, the Foundation entered into a capital campaign to raise funds for Phase II of redevelopment of Muskoka Algonquin Health Care Bracebridge Site. To date, \$ 11,750,000 has been donated to the Muskoka Algonquin Health Care Bracebridge Site for the Phase II redevelopment plan.

In 2005, a similar campaign was commenced to raise funds for diagnostic imaging. To date \$ 3,400,000 has been donated to Muskoka Algonquin Health Care Bracebridge Site.

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### **6. RELATED PARTY TRANSACTIONS**

The Foundation was established to raise funds for the use of the hospital and of other organizations in the community with similar objectives.

During the year, the Foundation contributed \$ 1,363,966 (2008 - \$ 2,012,130) in grants to the Muskoka Algonquin Healthcare Bracebridge Site.

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### **7. PENSION PLAN**

All of the full time 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 that provide the highest earnings.

For 2009, employee contributions were based on 6.9% (2008 - 6.9%) of earnings up to \$ 46,300 (2008 - \$ 44,900) and 9.2% (2008 - 9.2%) on earnings above this level. The Foundation contributes 1.26 (2008 - 1.26) times the employee contributions.

Contributions to the Plan made during the year by the Foundation on behalf of its employees amounted to approximately \$ 18,515 (2008 - \$ 17,310).

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