

**Gordon,
Gingrich,
Harris &
Flemming**
Chartered
Accountants

152-3 Manitoba Street
Bracebridge, ON, P1L 1Z9
(705) 645-5255 Tel.
(705) 645-7686 Fax
cullgordonging@bellnet.ca

SOUTH MUSKOKA HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2010

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.

**Gordon,
Gingrich,
Harris &
Flemming**
Chartered
Accountants

152-3 Manitoba Street
Bracebridge, ON, P1L 1Z9
(705) 645-5255 Tel.
(705) 645-7686 Fax
cullgordonging@bellnet.ca

SOUTH MUSKOKA HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2010

CONTENTS	Pages
Auditors' Report	1
Balance Sheet	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
Summary of Incorporation and Significant Accounting Policies	6 - 7
Notes to the Financial Statements	8 - 9

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.

AUDITORS' REPORT

To the Members of South Muskoka Hospital Foundation

We have audited Balance Sheet of South Muskoka Hospital Foundation as at June 30, 2010 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, 2010 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 29, 2010

Chartered Accountants
Licensed Public Accountants

Gordon, Gingrich, Harris & Flemming

Chartered
Accountants

152-3 Manitoba Street
Bracebridge, ON, P1L 1Z9
(705) 645-5255 Tel.
(705) 645-7686 Fax
cullgordonging@bellnet.ca

Bracebridge

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

Parry Sound

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

SOUTH MUSKOKA HOSPITAL FOUNDATION

BALANCE SHEET
AS AT JUNE 30, 2010

	2010	2009
ASSETS		
<i>Current</i>		
Cash	\$ 555,024	\$ 470,614
Marketable Investments (Note 1)	1,223,935	1,203,219
Accrued Interest Receivable	5,961	15,635
Other Receivables	9,436	5,447
Prepaid Expenses	3,630	4,841
	\$ 1,797,986	\$ 1,699,756
<i>Capital Assets - Note 2</i>	16,541	22,947
	\$ 1,814,527	\$ 1,722,703

LIABILITIES

Current

Accounts Payable and Accrued Liabilities	\$ 11,220	\$ 15,495
Due to Muskoka Algonquin Health Care	198	589
	\$ 11,418	\$ 16,084

NET ASSETS

Unrestricted Net Assets	\$ 1,604,535	\$ 1,502,358
Externally Restricted Net Assets - Note 3	182,033	181,314
Net Assets Invested in Capital Assets	16,541	22,947
	\$ 1,803,109	\$ 1,706,619
	\$ 1,814,527	\$ 1,722,703

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

On Behalf of the Board:


Director

SOUTH MUSKOKA HOSPITAL FOUNDATIONSTATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Externally Restricted	Invested In Capital Assets	Total 2010	Total 2009
Net Assets, Beginning of Year	\$1,502,358	\$ 181,314	\$ 22,947	\$ 1,706,619	\$ 956,005
Excess of Revenue over Expenses and Contributions for the Year	102,177	719	(6,406)	96,490	750,614
Net Assets, End of Year	\$1,604,535	\$ 182,033	\$ 16,541	\$ 1,803,109	\$ 1,706,619

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

SOUTH MUSKOKA HOSPITAL FOUNDATION

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
<i>Revenue</i>		
Donations		
Community Organizations	\$ 171,420	\$ 147,550
Corporations	187,536	152,035
Foundations	32,600	36,516
Individuals	514,694	747,216
In Memoriam	92,883	95,645
Special Projects	108,316	31,501
	<u>\$1,107,449</u>	<u>\$ 1,210,463</u>
Estates	558,732	1,298,487
	<u>\$1,666,181</u>	<u>\$ 2,508,950</u>
Other Income		
Net Investment Income (Loss)	22,251	(17,959)
	<u>\$1,688,432</u>	<u>\$ 2,490,991</u>
<i>Expenses</i>		
Advertising	\$ 1,671	\$ 2,798
Amortization	6,406	5,661
Bank Charges and Interest	7,017	7,789
Conferences and Travel	2,108	2,114
Fundraising	63,378	52,262
General and Office	40,824	50,431
Legal, Audit and Professional Services	5,530	26,815
Printing	2,503	1,713
Wages and Benefits	229,455	226,828
	<u>\$ 358,892</u>	<u>\$ 376,411</u>
<i>Excess of Revenues over Expenses</i>	<u>\$1,329,540</u>	<u>\$ 2,114,580</u>
<i>Contributions Made</i>		
Grants from Endowments	\$ 7,500	\$ 0
Capital Campaign (Phase II) - Note 5	0	285,000
Capital Campaign (Diagnostic Imaging) - Note 5	840,000	840,000
Other Designated Gifts	30,169	38,966
Medical Equipment	355,381	200,000
	<u>\$1,233,050</u>	<u>\$ 1,363,966</u>
Excess of Revenue over Expenses and Contributions for the Year	<u>\$ 96,490</u>	<u>\$ 750,614</u>

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, 2010

	2010	2009
<i>Cash Provided by Operating Activities</i>		
Excess of Revenue Over Expenses and Contributions For the Year	\$ 96,490	\$ 750,614
<u>Amortization</u>	<u>6,406</u>	<u>5,661</u>
	\$ 102,896	\$ 756,275
<i>Changes in Non-Cash Working Capital Balances</i>		
Accounts Receivable	5,685	(18,401)
Prepaid Expense	1,211	1,210
Accounts Payable and Accrued Liabilities	(4,275)	(10,970)
Due to Muskoka Algonquin Health Care	(391)	(19,201)
	\$ 105,126	\$ 708,913
<i>Investing Activities</i>		
Purchase of Capital Assets	\$ 0	\$ (4,310)
<i>Net Change in Cash and Equivalents, During the Year</i>		
	\$ 105,126	\$ 704,603
<i>Cash and Equivalents, Beginning of the Year</i>	1,673,833	969,230
<i>Cash and Equivalents, End of the Year</i>	<u>\$ 1,778,959</u>	<u>\$ 1,673,833</u>
<i>Represented by:</i>		
Cash	\$ 555,024	\$ 470,614
<u>Marketable Investments</u>	<u>1,223,935</u>	<u>1,203,219</u>
	<u>\$ 1,778,959</u>	<u>\$ 1,673,833</u>

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

SOUTH MUSKOKA HOSPITAL FOUNDATION

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED JUNE 30, 2010

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.

SOUTH MUSKOKA HOSPITAL FOUNDATION

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED JUNE 30, 2010

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.

SOUTH MUSKOKA HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

1. MARKETABLE INVESTMENTS

	2010		2009	
	Cost	Market Value	Cost	Market Value
GIC	\$ 410,885	\$ 410,885	\$ 625,775	\$ 625,775
Mutual Funds	470,063	470,063	403,000	403,004
Common Shares	342,987	348,412	174,444	185,546
	\$ 1,223,935	\$ 1,229,360	\$ 1,203,219	\$ 1,214,325

Included in the above balance is a restricted endowment amount of \$182,033 (Note 3).

2. CAPITAL ASSETS

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$ 75,194	\$ 73,824	\$ 75,194	\$ 73,167
Computer Equipment	12,129	8,178	12,159	6,627
Computer Software	50,114	38,924	50,114	34,726
	\$ 137,467	\$ 120,926	\$ 137,467	\$ 114,520
Net Book Value		\$ 16,541		\$ 22,947

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.

4. CONTRIBUTED MATERIALS

Management has determined the value of contributions of goods and services to be \$ 0 (2009 - \$ 1,340). This amount has been recorded as both donation revenue and campaign expenses in the statement of operations and net assets.

SOUTH MUSKOKA HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

5. 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 \$ 1,233,050 (2009 - \$ 1,363,966) in grants to the Muskoka Algonquin Healthcare Bracebridge Site.

6. 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 2010, employee contributions were based on 6.9% (2009 - 6.9%) of earnings up to \$ 47,200 (2009 - \$ 46,300) and 9.2% (2009 - 9.2%) on earnings above this level. The Foundation contributes 1.26 (2009 - 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 \$ 18,595 (2009 - \$ 18,515).
