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SOUTH MUSKOKA HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2015

F. Glenn Gordon,
CPA, CA, LPA

G. Howard Flemming,
CPA, CA, LPA, BA

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JUNE 30, 2015

CONTENTS	Pages
Independent 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 - 10

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors of
South Muskoka Hospital Foundation

We have audited the accompanying financial statements of South Muskoka Hospital Foundation, which comprise the statement of financial position as at June 30, 2015, the statement of operations and changes in net assets and cash flows for the year then ended, and notes, comprising 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

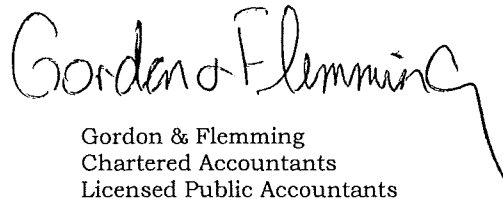
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 our 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, we consider 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.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the South Muskoka Hospital Foundation as at June 30, 2015, and the results of its operations and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.


Gordon & Flemming
Chartered Accountants
Licensed Public Accountants

Bracebridge, Ontario
July 29, 2015

F. Glenn Gordon,
CPA, CA, LPA

G. Howard Flemming,
CPA, CA, LPA, BA

SOUTH MUSKOKA HOSPITAL FOUNDATION

BALANCE SHEET
AS AT JUNE 30, 2015

	2015	2014
ASSETS		
<i>Current</i>		
Cash	\$ 781,631	\$ 299,279
Marketable Investments (Note 1)	3,565,617	3,947,812
Accrued Interest Receivable	22,082	22,885
Other Receivables	29,241	39,594
	<u>\$ 4,398,571</u>	<u>\$ 4,309,570</u>
<i>Capital Assets – Note 2</i>	0	0
	<u>\$ 4,398,571</u>	<u>\$ 4,309,570</u>

LIABILITIES		
<i>Current</i>		
Accounts Payable and Accrued Liabilities (Note 9)	\$ 28,973	\$ 17,748
Due to Muskoka Algonquin Health Care	1,674	0
	<u>\$ 30,647</u>	<u>\$ 17,748</u>

NET ASSETS		
Unrestricted Net Assets	\$ 4,150,763	\$ 4,074,661
Externally Restricted Net Assets – Note 3	217,161	217,161
Net Assets Invested in Capital Assets	0	0
	<u>\$ 4,367,924</u>	<u>\$ 4,291,822</u>
	<u>\$ 4,398,571</u>	<u>\$ 4,309,570</u>

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

On Behalf of the Board:



Director

SOUTH MUSKOKA HOSPITAL FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Externally Restricted	Invested In Capital Assets	Total 2015	Total 2014
Net Assets, Beginning of Year	\$ 4,074,661	\$ 217,161	\$ 0	\$ 4,291,822	\$ 2,697,209
Excess of Revenue over Expenses And Disbursements for the Year	76,102	0	0	76,102	1,594,613
Net Assets, End of Year	\$ 4,150,763	\$ 217,161	\$ 0	\$ 4,367,924	\$ 4,291,822

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

SOUTH MUSKOKA HOSPITAL FOUNDATION

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
<i>Revenue</i>		
Donations		
Community Organizations	\$ 96,443	\$ 61,796
Corporations	337,804	146,357
Foundations	42,104	32,815
Individuals	1,559,771	842,758
In Memoriam	46,589	62,123
Special Projects	122,488	133,755
	<u>\$ 2,205,199</u>	<u>\$ 1,279,604</u>
Estates	146,875	941,102
	<u>\$ 2,352,074</u>	<u>\$ 2,220,706</u>
Other Income		
Net Investment Income	127,835	104,435
	<u>\$ 2,479,909</u>	<u>\$ 2,325,141</u>
<i>Expenses</i>		
Advertising	\$ 4,494	\$ 1,782
Amortization	0	769
Bank Charges and Interest	9,840	6,230
Conferences and Travel	1,460	2,525
Fundraising	232,001	352,792
General and Office	96,621	78,037
Legal, Audit and Professional Services	6,052	5,850
Printing	1,949	839
Wages and Benefits	264,252	254,605
	<u>\$ 616,669</u>	<u>\$ 703,429</u>
<i>Excess of Revenues over Expenses</i>	<u>\$ 1,863,240</u>	<u>\$ 1,621,712</u>
<i>Contributions Made</i>		
MAHC Capital Campaign Disbursements	\$ 1,766,783	\$ 0
Other MAHC Designated Disbursements	20,355	27,099
	<u>\$ 1,787,138</u>	<u>\$ 27,099</u>
Excess Revenue over Expenses And Disbursements for the Year	<u>\$ 76,102</u>	<u>\$ 1,594,613</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, 2015

	2015	2014
<i>Cash Provided by Operating Activities</i>		
Excess of Revenue over Expenses and Disbursements For the Year	\$ 76,102	\$ 1,594,613
<u>Amortization</u>	<u>0</u>	<u>769</u>
	\$ 76,102	\$ 1,595,382
<i>Changes in Non-Cash Working Capital Balances</i>		
Accounts Receivable	11,156	(17,696)
Accounts Payable and Accrued Liabilities	11,225	(31,575)
<u>Due to Muskoka Algonquin Health Care</u>	<u>1,674</u>	<u>(1,595)</u>
	\$ 100,157	\$ 1,544,517
<i>Net Change in Cash and Equivalents, During the Year</i>	\$ 100,157	\$ 1,544,517
<i>Cash and Equivalents, Beginning of the Year</i>	4,247,091	2,702,574
<i>Cash and Equivalents, End of the Year</i>	\$ 4,347,248	\$ 4,247,091
<i>Represented by:</i>		
Cash	\$ 781,631	\$ 299,279
<u>Marketable Investments</u>	<u>3,565,617</u>	<u>3,947,812</u>
	\$ 4,347,248	\$ 4,247,091

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, 2015

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 Muskoka Algonquin Healthcare - South Muskoka Memorial Hospital 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 have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

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, 2015

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 market value.

CAPITAL ASSETS

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated 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, 2015

1. MARKETABLE INVESTMENTS

	2015		2014	
	Cost	Market Value	Cost	Market Value
GIC	\$ 3,464,368	\$ 3,464,368	\$ 3,847,976	\$ 3,847,976
Mutual Funds	101,249	101,249	99,836	99,836
	\$ 3,565,617	\$ 3,565,617	\$ 3,947,812	\$ 3,9847,812

Included in the above balance is a restricted endowment amount of \$193,684(Note 3).

2. CAPITAL ASSETS

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$ 75,194	\$ 75,194	\$ 75,194	\$ 75,100
Computer Equipment	12,129	12,159	12,159	12,129
Computer Software	50,114	50,114	50,114	50,114
	\$ 137,467	\$ 137,469	\$ 137,467	\$ 137,469
Net Book Value		\$ 0		\$ 0

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 \$ Nil (2014- \$ Nil). 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, 2015

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 \$ 1,787,138 (2014 - \$ 27,099) 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 2015, employee contributions were based on 6.9% (2014 - 6.9%) of earnings up to \$ 53,500 (2014 - \$ 52,500) and 9.2% (2014 - 9.2%) on earnings above this level. The Foundation contributes 1.26 (2014 - 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 \$ 24,009 (2014 - \$ 19,733).

7. FINANCIAL RISK AND CONCENTRATION OF RISK:

(a) Credit risk:

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. The Foundation is not exposed to credit risk since it does not record contributions or pledges as Accounts Receivable.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2014.

(c) Interest rate risk:

The Foundation is not exposed to any significant interest rate risk.

SOUTH MUSKOKA HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

8. CAPITAL DISCLOSURES:

The Foundation considers its capital to be its fund balances, including general, restricted and endowment fund balances. These funds are maintained and disbursed under the terms of the relevant funding restrictions and management is responsible for adhering to the provisions of these restrictions.

In managing its capital, the Foundation's primary objective is to fundraise in support of Muskoka Algonquin in order to safeguard its ability to continue as a going concern so it can continue to fulfill its mandate. The Foundation has developed specific investment policies to maintain its capital based on the intended purpose of the funds. In addition, annual budgets are developed and monitored to ensure the capital of the Foundation is maintained at an appropriate level.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Accounts Payable and Accrued Liabilities	\$ 28,973	\$ 17,748
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Accounts payable and accrued liabilities include government remittances of \$ 5,062 (2014 - \$ Nil).
