

**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, 2012

Bracebridge

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

Parry Sound

Stephen L. Gingrich, C.A., CFP
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FINANCIAL STATEMENTS

JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

To: The Members of South Muskoka Hospital Foundation

We have audited the accompanying financial statements of South Muskoka Hospital Foundation, which comprise the consolidated statement of financial position as at June 30, 2012 and the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended and 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 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 an audit to obtain reasonable assurance 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 the auditor's 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, the auditor considers 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 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, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Bracebridge

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G. Howard Fleming, B.A., C.A.

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Bracebridge, Ontario
September 10, 2012

Gordon Gingrich Harris & Fleming

Gordon, Gingrich, Harris & Fleming
Chartered Accountants
Licensed Public Accountants

SOUTH MUSKOKA HOSPITAL FOUNDATIONBALANCE SHEET
AS AT JUNE 30, 2012

	2012	2011
ASSETS		
<i>Current</i>		
Cash	\$ 121,071	\$ 961,027
Marketable Investments (Note 1)	1,838,253	1,237,285
Accrued Interest Receivable	28,169	16,187
Other Receivables	12,262	15,452
Prepaid Expenses	1,210	2,420
	<u>\$ 2,000,965</u>	<u>\$ 2,232,371</u>
<i>Capital Assets – Note 2</i>	4,630	10,372
	<u>\$ 2,005,595</u>	<u>\$ 2,242,743</u>

LIABILITIES*Current*

Accounts Payable and Accrued Liabilities	\$ 21,756	\$ 25,831
Due to Muskoka Algonquin Health Care	2,005	286
	<u>\$ 23,761</u>	<u>\$ 26,117</u>

NET ASSETS

Unrestricted Net Assets	\$ 1,783,520	\$ 2,024,221
Externally Restricted Net Assets – Note 3	193,684	182,033
Net Assets Invested in Capital Assets	4,630	10,372
	<u>\$ 1,981,834</u>	<u>\$ 2,216,626</u>
	<u>\$ 2,005,595</u>	<u>\$ 2,242,743</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, 2012

	Unrestricted	Externally Restricted	Invested In Capital Assets	Total 2012	Total 2011
Net Assets, Beginning of Year	\$ 2,024,221	\$ 182,033	\$ 10,372	\$ 2,216,626	\$ 1,803,109
Excess of Expenses and Disbursements Over Revenue for the Year	(240,701)	11,651	(5,742)	(234,792)	413,517
Net Assets, End of Year	\$ 1,783,520	\$ 193,684	\$ 4,630	\$ 1,981,834	\$ 2,216,626

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

SOUTH MUSKOKA HOSPITAL FOUNDATION

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
<i>Revenue</i>		
Donations		
Community Organizations	\$ 62,647	\$ 33,744
Corporations	118,333	139,729
Foundations	27,481	56,690
Individuals	498,581	500,155
In Memoriam	80,875	78,184
Special Projects	119,700	109,643
	<hr/>	<hr/>
	\$ 907,617	\$ 918,145
Estates	709,744	418,906
	<hr/>	<hr/>
	\$1,617,361	\$ 1,337,051
Other Income		
Net Investment Income	19,545	29,184
	<hr/>	<hr/>
	\$1,636,906	\$ 1,366,235
<i>Expenses</i>		
Advertising	\$ 1,995	\$ 4,168
Amortization	5,742	6,169
Bank Charges and Interest	5,721	7,628
Conferences and Travel	1,418	2,731
Fundraising	73,135	91,951
General and Office	43,640	24,982
Legal, Audit and Professional Services	5,436	5,513
Printing	1,119	1,368
Wages and Benefits	245,639	235,755
	<hr/>	<hr/>
	\$ 383,845	\$ 380,265
<i>Excess of Revenues over Expenses</i>	<hr/>	<hr/>
	\$1,253,061	\$ 985,970
<i>Contributions Made</i>		
Capital Campaign (Diagnostic Imaging) – Note 5	\$ 0	\$ 480,000
Other Designated Gifts	28,555	92,453
MAHC Equipment Disbursements	1,459,298	0
	<hr/>	<hr/>
	\$1,487,853	\$ 572,453
Excess Expenses and Disbursements over Revenue for the Year	<hr/>	<hr/>
	\$ (234,792)	\$ 413,517

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, 2012

	2012	2011
<i>Cash Provided by Operating Activities</i>		
Excess of Expenses and Disbursements over Revenue		
For the Year	\$ (234,792)	\$ 413,517
Amortization	5,742	6,169
	\$ (229,050)	\$ 419,686
<i>Changes in Non-Cash Working Capital Balances</i>		
Accounts Receivable	(8,792)	(16,242)
Prepaid Expense	1,210	1,210
Accounts Payable and Accrued Liabilities	(4,075)	14,611
Due to Muskoka Algonquin Health Care	1,719	88
	\$ (238,988)	\$ 419,353
<i>Net Change in Cash and Equivalents, During the Year</i>	\$ (238,988)	\$ 419,353
<i>Cash and Equivalents, Beginning of the Year</i>	2,198,312	1,778,959
<i>Cash and Equivalents, End of the Year</i>	\$ 1,959,324	\$ 2,198,312
<i>Represented by:</i>		
Cash	\$ 121,071	\$ 961,027
Marketable Investments	1,838,253	1,237,285
	\$ 1,959,324	\$ 2,198,312

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, 2012

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 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, 2012

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 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, 2012

1. MARKETABLE INVESTMENTS

	2012		2011	
	Cost	Market Value	Cost	Market Value
GIC	\$ 1,234,884	\$1,234,884	\$ 628,910	\$ 628,910
Mutual Funds	116,303	116,303	147,980	147,980
Common Shares	487,066	516,895	460,395	505,317
	\$ 1,838,253	\$1,868,082	\$ 1,237,285	\$1,282,207

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

2. CAPITAL ASSETS

	2012		2011	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$ 75,194	\$ 74,999	\$ 75,194	\$ 74,481
Computer Equipment	12,129	10,523	12,159	9,495
Computer Software	50,114	47,315	50,114	43,119
	\$ 137,467	\$ 132,837	\$ 137,467	\$ 127,095
Net Book Value	4,630	\$	\$	10,372

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 \$ 1,340 (2011 - \$ 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, 2012

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 \$ 1,487,85 (2010 - \$ 572,453) 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 2012, employee contributions were based on 6.9% (2011 - 6.9%) of earnings up to \$ 50,100 (2011 - \$ 47,200) and 9.2% (2011 - 9.2%) on earnings above this level. The Foundation contributes 1.26 (2011 - 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 \$ 19,918 (2011 - \$ 19,304).
