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SOUTH MUSKOKA HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2013

Bracebridge

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Parry Sound

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FINANCIAL STATEMENTS
JUNE 30, 2013

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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, 2013 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.

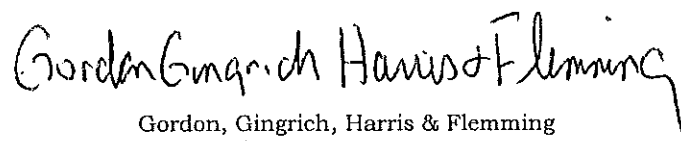
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



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

Bracebridge, Ontario
July 24, 2013

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SOUTH MUSKOKA HOSPITAL FOUNDATION

BALANCE SHEET
AS AT JUNE 30, 2013

	2013	Restated Note 7 2012
ASSETS		
<i>Current</i>		
Cash	\$ 501,862	\$ 121,071
Marketable Investments (Note 1)	2,200,712	1,868,082
Accrued Interest Receivable	26,186	28,169
Other Receivables	18,598	12,262
Prepaid Expenses	0	1,210
	<u>\$ 2,747,358</u>	<u>\$ 2,030,794</u>
<i>Capital Assets - Note 2</i>	769	4,630
	<u>\$ 2,748,127</u>	<u>\$ 2,035,424</u>

LIABILITIES

Current


Accounts Payable and Accrued Liabilities	\$ 49,323	\$ 21,756
Due to Muskoka Algonquin Health Care	1,595	2,005
	<u>\$ 50,918</u>	<u>\$ 23,761</u>

NET ASSETS

Unrestricted Net Assets	\$ 2,502,756	\$ 1,813,349
Externally Restricted Net Assets - Note 3	193,684	193,684
Net Assets Invested in Capital Assets	769	4,630
	<u>\$ 2,697,209</u>	<u>\$ 2,011,663</u>
	<u>\$ 2,748,127</u>	<u>\$ 2,035,424</u>

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, 2013

	Unrestricted	Externally Restricted	Invested In Capital Assets	Total 2013	Total 2012
Net Assets, Beginning of Year	\$ 1,813,349	\$ 193,684	\$ 4,630	\$ 2,011,663	\$ 2,216,626
Excess of Expenses and Disbursements Over Revenue for the Year	689,407	0	(3,861)	685,546	(204,963)
Net Assets, End of Year	\$ 2,502,756	\$ 193,684	\$ 769	\$ 2,697,209	\$ 2,011,663

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

SOUTH MUSKOKA HOSPITAL FOUNDATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2013

	2013	Restated Note 7 2012
<i>Revenue</i>		
Donations		
Community Organizations	\$ 21,315	\$ 62,647
Corporations	80,556	118,333
Foundations	22,000	27,481
Individuals	1,064,570	498,581
In Memoriam	56,606	80,875
Special Projects	149,371	119,700
	<hr/>	<hr/>
	\$1,394,418	\$ 907,617
Estates	200,851	709,744
	<hr/>	<hr/>
	\$1,595,269	\$ 1,617,361
Other Income		
Net Investment Income (Note 7)	85,632	49,374
	<hr/>	<hr/>
	\$1,680,901	\$ 1,666,735
<i>Expenses</i>		
Advertising	\$ 3,534	\$ 1,995
Amortization	3,861	5,742
Bank Charges and Interest	6,577	5,721
Conferences and Travel	1,869	1,418
Fundraising	128,176	73,135
General and Office	39,572	43,640
Legal, Audit and Professional Services	5,616	5,436
Printing	1,409	1,119
Wages and Benefits	236,028	245,639
	<hr/>	<hr/>
	\$ 426,642	\$ 383,845
<i>Excess of Revenues over Expenses</i>	<hr/>	<hr/>
	\$1,254,259	\$ 1,282,890
<i>Contributions Made</i>		
MAHC Equipment Disbursements	\$ 530,018	\$ 1,459,298
Other Designated Gifts	38,695	28,555
	<hr/>	<hr/>
	\$ 568,713	\$ 1,487,853
Excess Expenses and Disbursements over Revenue for the Year	<hr/>	<hr/>
	\$ 685,546	\$ (204,963)

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, 2013

	2013	Restated Note 7 2012
<i>Cash Provided by Operating Activities</i>		
Excess of Expenses and Disbursements over Revenue For the Year	\$ 685,546	\$ (204,963)
Amortization	3,861	5,742
	\$ 689,407	\$ (199,221)
<i>Changes in Non-Cash Working Capital Balances</i>		
Accounts Receivable	(4,353)	(8,792)
Prepaid Expense	1,210	1,210
Accounts Payable and Accrued Liabilities	27,567	(4,075)
Due to Muskoka Algonquin Health Care	(410)	1,719
	\$ 713,421	\$ (209,159)
<i>Net Change in Cash and Equivalents, During the Year</i>	\$ 713,421	\$ (209,159)
<i>Cash and Equivalents, Beginning of the Year</i>	1,989,153	2,198,312
<i>Cash and Equivalents, End of the Year</i>	\$ 2,702,574	\$ 1,989,153
<i>Represented by:</i>		
Cash	\$ 501,862	\$ 121,071
Marketable Investments	2,200,712	1,868,082
	\$ 2,702,574	\$ 1,989,153

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, 2013

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, 2013

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, 2013

1. MARKETABLE INVESTMENTS

	2013		2012	
	Cost	Market Value	Cost	Market Value
GIC	\$ 1,493,746	\$1,493,746	\$ 1,234,884	\$1,234,884
Mutual Funds	156,951	156,951	116,303	116,303
Common Shares	497,667	550,012	487,066	516,895
	\$ 2,148,364	\$2,200,709	\$ 1,838,253	\$1,868,082

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

2. CAPITAL ASSETS

	2013		2012	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$ 75,194	\$ 75,100	\$ 75,194	\$ 74,999
Computer Equipment	12,129	11,484	12,159	10,523
Computer Software	50,114	50,114	50,114	47,315
	\$ 137,467	\$ 136,698	\$ 137,467	\$ 132,837
Net Book Value		\$ 769		\$ 4,630

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 (2012 - \$ 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, 2013

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 \$ 568,713 (2012 - \$ 1,487,850) 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 2013, employee contributions were based on 6.9% (2012 - 6.9%) of earnings up to \$ 50,100 (2012 - \$ 50,100) and 9.2% (2012 - 9.2%) on earnings above this level. The Foundation contributes 1.26 (2012 - 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 \$ 18,077 (2012 - \$ 19,918).

7. RESTATED COMPARATIVES

In previous years the Foundation has recorded Marketable Investments at cost. In order to conform to Generally Accepted Accounting Principles these investments are now recorded at market value. The effect of this change is that Marketable Investments have risen by \$29,829 and Investment Income has risen by the same for the 2012 year end. The \$ 29,828 represents unrealized capital gains in the portfolio. For the 2013 year end the Marketable Investments and Investment Income includes \$52,345 in unrealized capital gains.
