

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

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

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***SOUTH MUSKOKA HOSPITAL FOUNDATION***

FINANCIAL STATEMENTS

JUNE 30, 2014

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**Bracebridge**

Robert Gordon, CPA, CA, LPA  
G. Howard Fleming, CPA, CA, LPA, BA

**Parry Sound**

Stephen L. Gingrich, CPA, CA, CFP, LPA  
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FINANCIAL STATEMENTS  
JUNE 30, 2014

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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, 2014, 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, 2014, 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.

Bracebridge, Ontario  
August 25, 2014

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

**Bracebridge**

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

**Parry Sound**

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# **SOUTH MUSKOKA HOSPITAL FOUNDATION**

BALANCE SHEET  
AS AT JUNE 30, 2014

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	2014	2013
<b>ASSETS</b>		
<i>Current</i>		
Cash	\$ 299,279	\$ 501,862
Marketable Investments (Note 1)	3,947,812	2,200,712
Accrued Interest Receivable	22,885	26,186
Other Receivables	39,594	18,598
	<u>\$ 4,309,570</u>	<u>\$ 2,747,358</u>
<i>Capital Assets— Note 2</i>	0	769
	<u>\$ 4,309,570</u>	<u>\$ 2,748,127</u>

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## **LIABILITIES**

<i>Current</i>		
Accounts Payable and Accrued Liabilities	\$ 17,748	\$ 49,323
Due to Muskoka Algonquin Health Care	0	1,595
	<u>\$ 17,748</u>	<u>\$ 50,918</u>

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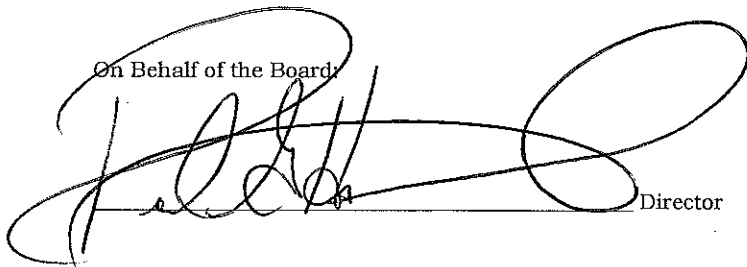
## **NET ASSETS**

Unrestricted Net Assets	\$ 4,098,138	\$ 2,502,756
Externally Restricted Net Assets – Note 3	193,684	193,684
Net Assets Invested in Capital Assets	0	769
	<u>\$ 4,291,822</u>	<u>\$ 2,697,209</u>
	<u>\$ 4,309,570</u>	<u>\$ 2,748,127</u>

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*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, 2014

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	Unrestricted	Externally Restricted	Invested In Capital Assets	Total 2014	Total 2013
Net Assets, Beginning of Year	\$ 2,502,756	\$ 193,684	\$ 769	\$ 2,697,209	\$ 2,011,663
Excess of Revenue over Expenses And Disbursements for the Year	1,595,382	0	(769)	1,594,613	685,546
<b>Net Assets, End of Year</b>	<b>\$ 4,098,138</b>	<b>\$ 193,684</b>	<b>\$ 0</b>	<b>\$ 4,291,822</b>	<b>\$ 2,697,209</b>

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

# **SOUTH MUSKOKA HOSPITAL FOUNDATION**

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
<i>Revenue</i>		
Donations		
Community Organizations	\$ 61,796	\$ 21,315
Corporations	146,357	80,556
Foundations	32,815	22,000
Individuals	842,758	1,064,570
In Memoriam	62,123	56,606
Special Projects	133,755	149,371
	<u>\$1,279,604</u>	<u>\$ 1,394,418</u>
Estates	941,102	200,851
	<u>\$2,220,706</u>	<u>\$ 1,595,269</u>
Other Income		
Net Investment Income (Note 7)	104,435	85,632
	<u>\$2,325,141</u>	<u>\$ 1,680,901</u>
<i>Expenses</i>		
Advertising	\$ 1,782	\$ 3,534
Amortization	769	3,861
Bank Charges and Interest	6,230	6,577
Conferences and Travel	2,525	1,869
Fundraising	352,792	128,176
General and Office	78,037	39,572
Legal, Audit and Professional Services	5,850	5,616
Printing	839	1,409
Wages and Benefits	254,605	236,028
	<u>\$ 703,429</u>	<u>\$ 426,642</u>
<i>Excess of Revenues over Expenses</i>	<u>\$ 1,621,712</u>	<u>\$ 1,254,259</u>
<i>Contributions Made</i>		
MAHC Equipment Disbursements	\$ 0	\$ 530,018
Other Designated Gifts	27,099	38,695
	<u>\$ 27,099</u>	<u>\$ 568,713</u>
<b>Excess Revenue over Expenses And Disbursements for the Year</b>	<u><b>\$1,594,613</b></u>	<u><b>\$ 685,546</b></u>

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

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**SOUTH MUSKOKA HOSPITAL FOUNDATION**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014

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	2014	2013
<i>Cash Provided by Operating Activities</i>		
Excess of Revenue over Expenses and Disbursements For the Year	\$ 1,594,613	\$ 685,546
<u>Amortization</u>	<u>769</u>	<u>3,861</u>
	\$ 1,595,382	\$ 689,407
<i>Changes in Non-Cash Working Capital Balances</i>		
Accounts Receivable	(17,695)	(4,353)
Prepaid Expense	0	1,210
Accounts Payable and Accrued Liabilities	(31,575)	27,567
<u>Due to Muskoka Algonquin Health Care</u>	<u>(1,595)</u>	<u>(410)</u>
	\$ 1,544,517	\$ 713,421
<i>Net Change in Cash and Equivalents, During the Year</i>	\$ 1,544,517	\$ 713,421
<i>Cash and Equivalents, Beginning of the Year</i>	2,702,574	1,989,153
<b><i>Cash and Equivalents, End of the Year</i></b>	<b>\$ 4,247,091</b>	<b>\$ 2,702,574</b>
<i>Represented by:</i>		
Cash	\$ 299,279	\$ 501,862
<u>Marketable Investments</u>	<u>3,947,812</u>	<u>2,200,712</u>
	\$ 4,247,091	\$ 2,702,574

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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, 2014**

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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 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.



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## **SOUTH MUSKOKA HOSPITAL FOUNDATION**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED JUNE 30, 2014**

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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 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.

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## **SOUTH MUSKOKA HOSPITAL FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014

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### **1. MARKETABLE INVESTMENTS**

	2014		2013	
	Cost	Market Value	Cost	Market Value
GIC	\$ 3,847,976	\$ 3,847,976	\$ 1,493,746	\$ 1,493,746
Mutual Funds	99,836	99,836	156,951	156,951
Common Shares	0	0	497,667	550,012
	<u>\$ 3,947,812</u>	<u>\$ 3,947,812</u>	<u>\$ 2,148,364</u>	<u>\$ 2,200,709</u>

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

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### **2. CAPITAL ASSETS**

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$ 75,194	\$ 75,194	\$ 75,194	\$ 75,100
Computer Equipment	12,129	12,159	12,159	11,484
Computer Software	50,114	50,114	50,114	50,114
	<u>\$ 137,467</u>	<u>\$ 137,469</u>	<u>\$ 137,467</u>	<u>\$ 136,698</u>
Net Book Value		<u>\$ 0</u>		<u>\$ 769</u>

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### **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.

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### **4. CONTRIBUTED MATERIALS**

Management has determined the value of contributions of goods and services to be \$ Nil (2013 - \$ 1,340). 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, 2014

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### **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 \$ 27,099 (2013 - \$ 568,713) in grants to the Muskoka Algonquin Healthcare Bracebridge Site.

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### **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 2014, employee contributions were based on 6.9% (2013 - 6.9%) of earnings up to \$ 52,500 (2013 - \$ 50,100) and 9.2% (2013 - 9.2%) on earnings above this level. The Foundation contributes 1.26 (2013 - 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 \$ 19,733 (2013 - \$ 18,077).

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### **7. FINANCIAL RISK AND CONCENTRATION OF RISK:**

(a) Credit risk:

Credit risk refers to the risk that a counterparty 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 2013.

(c) Interest rate risk:

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

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## **SOUTH MUSKOKA HOSPITAL FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014

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### **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.

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