

# **GORDON & FLEMMING**

**Chartered  
Professional  
Accountants**

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## ***SOUTH MUSKOKA HOSPITAL FOUNDATION***

FINANCIAL STATEMENTS

JUNE 30, 2018

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**F. Glenn Gordon,**  
CPA, CA, LPA

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

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FINANCIAL STATEMENTS  
JUNE 30, 2018

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CONTENTS	Pages
Independent Auditors' Report	1
Statement of Financial Position	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, 2018, 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, 2018, 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 2, 2018

  
Gordon & Flemming  
Chartered Professional Accountants  
Licensed Public Accountants

F. Glenn Gordon,  
CPA, CA, LPA

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

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**SOUTH MUSKOKA HOSPITAL FOUNDATION**

## STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

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	2018	2017
<b>ASSETS</b>		
<i>Current</i>		
Cash	\$ 2,462,621	\$ 2,651,530
Marketable Investments (Note 1)	547,045	323,517
Accrued Interest Receivable	927	4,262
Other Receivables	14,813	16,849
	<u>\$ 3,025,406</u>	<u>\$ 2,996,158</u>
<i>Capital Assets (Note 2)</i>	0	0
	<u>\$ 3,025,406</u>	<u>\$ 2,996,158</u>

**LIABILITIES***Current*

Accounts Payable and Accrued Liabilities (Note 9)	\$ 27,839	\$ 11,964
Due to Muskoka Algonquin Healthcare	2,880	672
	<u>\$ 30,719</u>	<u>\$ 12,636</u>

**NET ASSETS**

Unrestricted Net Assets	\$ 2,777,526	\$ 2,766,361
Externally Restricted Net Assets (Note 3)	217,161	217,161
	<u>\$ 2,994,687</u>	<u>\$ 2,983,522</u>
	<u>\$ 3,025,406</u>	<u>\$ 2,996,158</u>

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

On Behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

## **SOUTH MUSKOKA HOSPITAL FOUNDATION**

### STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted	Externally Restricted	Total 2018	Total 2017
Net Assets, Beginning of Year	\$ 2,766,361	\$217,161	\$ 2,983,522	\$ 3,477,353
Excess of Revenue over Expenses And Disbursements for the Year	11,165	0	11,165	(494,031)
<b>Net Assets, End of Year</b>	<b>\$2,777,526</b>	<b>\$217,161</b>	<b>\$2,994,687</b>	<b>\$2,983,522</b>

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

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## **SOUTH MUSKOKA HOSPITAL FOUNDATION**

STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2018

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	2018	2017
<i>Revenue</i>		
Donations		
Community Organizations	\$ 74,141	\$ 97,207
Corporations	409,228	184,374
Foundations	64,000	43,881
Individuals	721,819	662,062
In Memoriam	79,968	48,927
Special Projects	173,409	161,702
	<u>\$ 1,522,565</u>	<u>\$ 1,198,153</u>
Estates	16,678	86,464
	<u>\$ 1,539,243</u>	<u>\$ 1,284,617</u>
Other Income		
Net Investment Income	38,118	23,885
	<u>\$ 1,577,361</u>	<u>\$ 1,308,502</u>
<i>Expenses</i>		
Advertising	\$ 21,407	\$ 3,685
Audit	6,250	6,250
Bank Charges and Interest	10,072	8,070
Conferences and Travel	673	477
Fundraising	99,267	113,241
General and Office	46,870	34,392
Printing	680	2,596
Wages and Benefits	310,425	272,907
	<u>\$ 495,644</u>	<u>\$ 441,618</u>
<i>Excess of Revenues over Expenses</i>	<u>\$ 1,081,717</u>	<u>\$ 866,884</u>
<i>Contributions Made</i>		
MAHC Capital Campaign Disbursements	\$ 783,094	\$ 1,158,422
Other MAHC Designated Disbursements	287,258	202,493
	<u>\$ 1,070,552</u>	<u>\$ 1,360,915</u>
<b>Excess Expenses over Revenue And Disbursements for the Year</b>	<u><b>\$ 11,165</b></u>	<u><b>\$ (494,031)</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, 2018

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	2018	2017
<i>Cash Provided by Operating Activities</i>		
Excess of Revenue over Expenses and Disbursements For the Year	\$ 11,165	\$ (494,031)
<i>Changes in Non-Cash Working Capital Balances</i>		
Accounts Receivable	5,371	26,194
Accounts Payable and Accrued Liabilities	15,875	(10,661)
Due to Muskoka Algonquin Healthcare	2,208	(1,355)
	<u>\$ 31,284</u>	<u>\$ (479,853)</u>
<i>Net Change in Cash and Equivalents, During the Year</i>	\$ 34,619	\$ (479,853)
<i>Cash and Equivalents, Beginning of the Year</i>	2,975,047	3,454,900
<b><i>Cash and Equivalents, End of the Year</i></b>	<b>\$3,009,666</b>	<b>\$2,975,047</b>
<i>Represented by:</i>		
Cash	\$ 2,462,621	\$ 2,651,530
Marketable Investments	547,045	323,517
	<u>\$3,009,666</u>	<u>\$2,975,047</u>

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

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## ***SOUTH MUSKOKA HOSPITAL FOUNDATION***

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE YEAR ENDED JUNE 30, 2018

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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, 2018

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#### 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, 2018

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### **1. MARKETABLE INVESTMENTS**

	2018		2017	
	Cost	Market Value	Cost	Market Value
Fixed Income Investments	\$ 127,864	127,864	\$ 220,189	220,189
Mutual Funds	419,181	419,181	103,328	103,328
	<b>\$ 547,045</b>	<b>\$ 545,045</b>	<b>\$ 323,517</b>	<b>\$ 323,517</b>

The above investments including Fixed Income and Mutual Funds are invested in cash or near cash investments. Maturity dates vary, interest rates varying from 2.5% to 4.2%.

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

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### **2. CAPITAL ASSETS**

	2018		2017	
	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
	<b>\$137,467</b>	<b>\$137,469</b>	<b>\$137,467</b>	<b>\$137,469</b>
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.

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### **4. CONTRIBUTED MATERIALS**

Management has determined the value of contributions of goods and services to be \$ Nil (2017 \$ Nil). 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, 2018

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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 \$ 1,070,552 (2017 - \$ 1,360,915) 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 2018, employee contributions were based on 6.9% of earnings up to \$ 55,900 and 9.2% on earnings above this level. The Foundation contributes 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 \$ 24,140 (2017 - \$ 22,868).

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### **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 2017.

(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, 2017

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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 the South Muskoka Memorial Hospital Site 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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### **9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2018</u>	<u>2017</u>
Accounts Payable and Accrued Liabilities	\$ 27,839	\$ 11,964

Accounts payable and accrued liabilities include government remittances of \$ 8,670 (2017 - \$ Nil).

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### **10. PLEDGES**

The Foundation receives pledges from various campaigns. Donors commit to a set amount of money to be paid over a period of time which can be up to seven years.

These pledges are not recognized in the financial statements since they have not yet been received.

Historically the Foundation has received over ninety seven percent of the amounts pledged.