

**G. HOWARD
FLEMMING CPA**

Chartered
Professional
Accountant

10-29 Manitoba Street
Bracebridge, ON
P1L 1S4

705-645-5255 tel
705-645-7686 fax
admin@gfcpa.ca

SOUTH MUSKOKA HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2023

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FINANCIAL STATEMENTS.
MARCH 31, 2023

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INDEPENDENT AUDITORS' REPORT

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

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Opinion

We have audited the financial statements of *South Muskoka Hospital Foundation* (the Organization), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and the results of its operations and cash flows for the nine months then ended in accordance with Accounting Standards for Not-for-profit Organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bracebridge, Ontario
August 9, 2023


G. Howard Flemming
Chartered Professional Accountant
Licensed Public Accountant

SOUTH MUSKOKA HOSPITAL FOUNDATION

STATEMENT OF FINANCIAL POSITION
AS AT March 31, 2023

	March 31	June 30
	2023	2022
ASSETS		
<i>Current</i>		
Cash	\$ 2,670,431	\$ 4,779,925
Marketable Investments (Note 1)	1,643,254	598,143
Accounts Receivable	11,941	13,486
	<hr/>	<hr/>
	\$ 4,325,626	\$ 5,391,554
<i>Capital Assets (Note 2)</i>		
	0	0
	<hr/>	<hr/>
	\$ 4,325,626	\$ 5,391,554
<hr/>		
LIABILITIES		
<i>Current</i>		
Accounts Payable and Accrued Liabilities (Note 7)	\$ 68,215	\$ 34,837
NET ASSETS		
Unrestricted Net Assets	\$ 4,257,411	\$ 5,356,717
	<hr/>	<hr/>
	\$ 4,325,626	\$ 5,391,554
<hr/>		

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 NINE MONTHS ENDED MARCH 31, 2023

	Unrestricted	Externally Restricted	Total 2023	Total June 30 2022
Net Assets, Beginning of Year	\$ 5,356,717	\$ 0	\$ 5,356,717	\$ 6,793,748
Excess of Revenue over Expenses And Disbursements for the Year	(1,099,306)	0	(1,099,306)	(1,437,031)
Net Assets, End of Year	\$ 4,257,411	\$ 0	\$4,257,411	\$5,356,717

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

SOUTH MUSKOKA HOSPITAL FOUNDATION

STATEMENT OF OPERATIONS

FOR THE NINE MONTHS ENDED MARCH 31, 2023

	2023	June 30 2022
<i>Revenue</i>		
Donations		
Community Organizations	\$ 67,679	\$ 50,708
Corporations	97,900	157,830
Foundations	125,496	208,418
Individuals	932,242	639,257
In Memoriam	86,369	166,935
Special Projects	290,488	197,882
	<u>\$ 1,600,174</u>	<u>\$ 1,421,030</u>
Estates	364,044	59,835
	<u>\$ 1,962,123</u>	<u>\$ 1,480,865</u>
Other Income		
Net Investment Income	125,326	37,920
	<u>\$ 2,089,544</u>	<u>\$ 1,518,785</u>
<i>Expenses</i>		
Advertising	\$ 18,910	\$ 18,297
Audit	6,700	6,760
Bank Charges and Interest	12,312	11,199
Conferences and Travel	7,004	368
Fundraising	71,163	92,862
General and Office	47,079	43,493
Wages and Benefits	309,530	359,730
	<u>\$ 472,698</u>	<u>\$ 532,709</u>
<i>Excess of Revenues over Expenses</i>	<u>\$1,616,846</u>	<u>\$ 986,076</u>
<i>Contributions Made</i>		
MAHC Capital Disbursements	\$(2,716,152)	\$ (2,423,107)
Excess Expenses over Revenue And Disbursements for the Year	<u>\$(1,099,306)</u>	<u>\$ (1,437,031)</u>

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

SOUTH MUSKOKA HOSPITAL FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED MARCH 31, 2023

	2023	June 30 2022
<i>Cash Provided by Operating Activities</i>		
Excess of Revenue over Expenses and Disbursements For the Period	\$ (1,099,306)	\$(1,437,031)
<i>Changes in Non-Cash Working Capital Balances</i>		
Accounts Receivable	1,545	415
Marketable Investments	(1,045,111)	(2,186)
Accounts Payable and Accrued Liabilities	33,378	(55,986)
	\$ (2,109,494)	\$(1,504,343)
<i>Net Change in Cash and Equivalents, During the Year</i>	\$ (2,109,494)	\$(1,504,343)
<i>Cash, Beginning of the Period</i>	4,779,925	6,284,268
<i>Cash, End of the Period</i>	\$2,670,431	\$4,779,925

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

SOUTH MUSKOKA HOSPITAL FOUNDATION

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE NINE MONTHS ENDED MARCH 31, 2023

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 NINE MONTHS ENDED MARCH 31, 2023

CONTRIBUTED SERVICES

Several 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.

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 NINE MONTHS ENDED MARCH 31, 2023

1. MARKETABLE INVESTMENTS

	2023		2022	
	Cost	Market Value	Cost	Market Value
<i>Guaranteed Investment Certificates</i>	\$ 1,603,711	\$ 1,643,254	\$ 0	\$ 0
Mutual Funds	0	0	598,143	598,143
	\$ 1,603,711	\$ 1,643,254	\$ 598,413	\$ 598,413

The above investments, including Fixed Income and Mutual Funds are invested in cash or near cash investments. Maturity dates vary, interest rate is 5%.

2. CONTRIBUTED MATERIALS

Management has determined the value of contributions of goods and services to be \$ Nil (2021 \$ 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 NINE MONTHS ENDED MARCH 31, 2023

3. 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 \$ 2,716,152 (2022 - \$ 2,423,107) in grants to the Muskoka Algonquin Healthcare Bracebridge Site.

4. 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 2023, employee contributions were based on 6.9% of earnings up to \$ 64,900 and 9.2% on earnings above this level. The Foundation contributes 1.26 times the employee contributions.

Contributions to the Plan made during the period by the Foundation on behalf of its employees amounted to approximately \$ 28,892 (2022 - \$ 34,328).

5. 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 2022.

(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 NINE MONTHS ENDED MARCH 31, 2023

6. 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.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Accounts Payable and Accrued Liabilities	\$ 68,215	\$ 34,837

Accounts payable and accrued liabilities include government remittances of \$ 26,149 (2022 - \$ 7,112).

8 PLEDGES

The Foundation receives pledges from various campaigns. Donors commit to a set amount of money to be paid over a period 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.

9. Comparative Figures

The Foundation changed its fiscal year end to March 31. This is to coincide with the MAHC year end