

**SOUTH HURON HOSPITAL FOUNDATION**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

***VODDEN, BENDER & SEEBACH*** LLP  
***Chartered Accountants***

## **INDEPENDENT AUDITOR'S REPORT**

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To the Board of Directors and Members of the South Huron Hospital Foundation

We have audited the accompanying financial statements of the South Huron Hospital Foundation, which comprise the balance sheet as at March 31, 2015, and the statements revenue and expenses 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 generally accepted accounting principles 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 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.

In common with many similar organizations, South Huron Hospital Foundation derives revenue from fund raising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues is limited to the amounts recorded in the records of the organization and we are not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and surplus.

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, the financial statements present fairly, in all material respects, the financial position of the South Huron Hospital Foundation as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
May 12, 2015

**SOUTH HURON HOSPITAL FOUNDATION**  
**(A REGISTERED PUBLIC FOUNDATION)**  
**BALANCE SHEET**

See Accompanying Notes to Financial Statements

| <b>As at March 31</b>                    | <b>2015</b>         | <b>2014</b>         |
|--|---------------------|---------------------|
| <b>ASSETS</b>                            |                     |                     |
| <b>Current assets</b>                    |                     |                     |
| Cash                                     | 145,031             | 365,821             |
| Accounts receivable                      | 10,737              | 10,865              |
| Investments (note 3)                     | 2,521,980           | 2,437,697           |
| Prepaid expenses                         | 7,692               | 39                  |
|  | <u>\$ 2,685,440</u> | <u>\$ 2,814,422</u> |
| <b>LIABILITIES AND SURPLUS</b>           |                     |                     |
| <b>Current liabilities</b>               |                     |                     |
| Accounts payable and accrued liabilities | 2,700               | 2,937               |
| Due to South Huron Hospital Association  | 4,332               | 110,917             |
|  | <u>7,032</u>        | <u>113,854</u>      |
| <b>Surplus</b>                           |                     |                     |
| Unrestricted                             | 2,530,325           | 2,520,084           |
| Restricted                               | 148,083             | 180,484             |
|  | <u>2,678,408</u>    | <u>2,700,568</u>    |
|  | <u>\$ 2,685,440</u> | <u>\$ 2,814,422</u> |

**SOUTH HURON HOSPITAL FOUNDATION**  
**(A REGISTERED PUBLIC FOUNDATION)**  
**STATEMENT OF REVENUE AND EXPENSES**  
See Accompanying Notes to Financial Statements

| <b>For the Year Ended March 31</b>   | <b>Unrestricted<br/>Fund</b> | <b>Restricted<br/>Fund</b> | <b>2015<br/>Total</b>      | <b>2014<br/>Total</b>      |
|--|------------------------------|----------------------------|----------------------------|----------------------------|
| <b>Receipts</b>  |                              |                            |                            |                            |
| Donations and fundraising  | 205,463                      | 66,987                     | <b>272,450</b>             | 299,339                    |
| Investment income - interest, dividends and realized gains (losses)  | 96,438                       | -                          | <b>96,438</b>              | 104,333                    |
| Investment income - unrealized holding gains (losses)  | (3,534)                      | -                          | <b>(3,534)</b>             | 43,211                     |
|  | <u>298,367</u>               | <u>66,987</u>              | <u><b>365,354</b></u>      | <u>446,883</u>             |
| <b>Expenditure</b>   |                              |                            |                            |                            |
| Fundraising expenses   | 3,584                        | 3,933                      | <b>7,517</b>               | 49,209                     |
| Administrative expenses  | 115,386                      | -                          | <b>115,386</b>             | 97,377                     |
| Investment counsel fees  | 7,095                        | -                          | <b>7,095</b>               | 6,326                      |
|  | <u>126,065</u>               | <u>3,933</u>               | <u><b>129,998</b></u>      | <u>152,912</u>             |
| <b>Excess (deficiency) of revenues over expenditures<br/>before allocation to South Huron Hospital Association</b> | <b>\$ 172,302</b>            | <b>\$ 63,054</b>           | <b>\$ 235,356</b>          | <b>\$ 293,971</b>          |
| <b>Allocation to South Huron Hospital Association</b>  | <u>(162,061)</u>             | <u>(95,455)</u>            | <u><b>(257,516)</b></u>    | <u>(163,788)</u>           |
| <b>Excess (deficiency) of revenues over expenditures</b>   | <b>\$ 10,241</b>             | <b>(\$ 32,401)</b>         | <b>(\$ 22,160)</b>         | <b>\$ 130,183</b>          |
| <b>Accumulated surplus, beginning of year</b>  | <u>2,520,084</u>             | <u>180,484</u>             | <u><b>2,700,568</b></u>    | <u>2,570,385</u>           |
| <b>Accumulated surplus, end of year</b>  | <u><b>\$ 2,530,325</b></u>   | <u><b>\$ 148,083</b></u>   | <u><b>\$ 2,678,408</b></u> | <u><b>\$ 2,700,568</b></u> |

**SOUTH HURON HOSPITAL FOUNDATION  
(A REGISTERED PUBLIC FOUNDATION)  
STATEMENT OF CASH FLOWS**

See Accompanying Notes to Financial Statements

| <b>For the Year Ended March 31</b>                            | <b>2015</b>                     | <b>2014</b>                     |
|---|---------------------------------|---------------------------------|
| <b>Operating activities</b>                                   |                                 |                                 |
| Excess of revenue over expenses for the year                  | (22,160)                        | 130,183                         |
| Items not requiring (not providing) cash                      |                                 |                                 |
| Gain on sale of investments                                   | (30,185)                        | (13,400)                        |
| Working capital provided from operations                      | (52,345)                        | 116,783                         |
| Cash provided from (used for) changes in operational balances |                                 |                                 |
| Accounts receivable   | 128                             | (1,974)                         |
| Prepaid expenses  | (7,653)                         | 467                             |
| Accounts payable and accrued liabilities                      | (237)                           | 16                              |
| Cash provided from (used for) operating activities            | <u>(60,107)</u>                 | <u>115,292</u>                  |
| <b>Financing and investing activities</b>                     |                                 |                                 |
| Net investment sales (purchases)                              | (54,098)                        | (125,521)                       |
| Due to/from South Huron Hospital Association                  | (106,585)                       | 106,555                         |
|   | <u>(160,683)</u>                | <u>(18,966)</u>                 |
| <b>Increase (decrease) in cash</b>                            | <b>(220,790)</b>                | <b>96,326</b>                   |
| <b>Cash, beginning of year</b>                                | <b><u>365,821</u></b>           | <b><u>269,495</u></b>           |
| <b>Cash, end of year</b>                                      | <b><u><u>\$ 145,031</u></u></b> | <b><u><u>\$ 365,821</u></u></b> |

**SOUTH HURON HOSPITAL FOUNDATION  
(A REGISTERED PUBLIC FOUNDATION)  
NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended March 31, 2015**

**1. Incorporation**

The South Huron Hospital Foundation (“Foundation”) was incorporated under the laws of the Province of Ontario as a registered public foundation. The Foundation is a registered foundation under the Income Tax Act.

The purpose of the Foundation is to receive and maintain a fund or funds and to apply from time to time all or part thereof for charitable purposes carried on by, in connection with, in relation to, for the benefit of or to enhance or improve the health care services in the area serviced by the South Huron Hospital and to do all such things as are incidental or conducive to the attainment of these objectives. The Foundation is managed and controlled independent of the Hospital.

The financial statements of the Foundation are the representation of management prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

**2. Significant accounting policies**

**Basis of accounting**

The financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenue is recorded when earned and expenses are recorded when incurred.

**Investments**

The Foundation has classified all stocks and bonds as available-for-sale which are carried at fair value. Bank guaranteed investment certificates are classified as held-to-maturity and are carried at cost. A write down of the carrying amount of held-to-maturity investments is charged against income when evidence indicates a permanent decline in the underlying value and earning power of an investment. Gains and losses on disposal of held-to-maturity investments are determined on a completed transaction basis.

**Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

**3. Investments**

Investments consist of negotiable federal and provincial government securities and corporate bonds and equities as follows:

|              | <u>2015</u>         |                     | <u>2014</u>         |                     |
|--------------|---------------------|---------------------|---------------------|---------------------|
|              | cost                | market value        | cost                | market value        |
| Cash         | 6,043               | 6,045               | 30,504              | 30,504              |
| Fixed income | 1,5671,160          | 1,670,565           | 1,575,004           | 1,576,077           |
| Equities     | <u>725,241</u>      | <u>845,370</u>      | <u>696,729</u>      | <u>773,612</u>      |
|              | <u>\$ 2,402,444</u> | <u>\$ 2,521,980</u> | <u>\$ 2,218,917</u> | <u>\$ 2,298,776</u> |

The investment portfolio is managed by an arm’s length professional manager.

**4. Financial instruments**

The Foundation’s financial instruments consist of cash and investments. It is management’s opinion that the Foundation is not exposed to significant interest and credit risks arising from these financial instruments. The fair value of the financial instruments approximates their carrying amount.