

**SOUTH HURON HOSPITAL FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 2016**

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

INDEPENDENT AUDITOR'S REPORT

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, 2016, 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, 2016 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 11, 2016

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

See Accompanying Notes to Financial Statements

As at March 31	2016	2015
ASSETS		
Current assets		
Cash	331,848	145,031
Accounts receivable	14,510	10,737
Investments (note 3)	2,497,455	2,521,980
Prepaid expenses	23,270	7,692
	<u>\$ 2,867,083</u>	<u>\$ 2,685,440</u>
LIABILITIES AND SURPLUS		
Current liabilities		
Accounts payable and accrued liabilities	2,745	2,700
Due to South Huron Hospital Association	150,000	4,332
	<u>152,745</u>	<u>7,032</u>
Surplus		
Unrestricted	2,384,425	2,530,325
Restricted	329,913	148,083
	<u>2,714,338</u>	<u>2,678,408</u>
	<u>\$ 2,867,083</u>	<u>\$ 2,685,440</u>

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

For the Year Ended March 31	Unrestricted Fund	Restricted Fund	2016 Total	2015 Total
Receipts				
Donations and fundraising	211,716	403,830	615,546	272,450
Investment income - interest, dividends and realized gains (losses)	27,590	-	27,590	96,438
Investment income - unrealized holding gains (losses)	(49,493)	-	(49,493)	(3,534)
	<u>189,813</u>	<u>403,830</u>	<u>593,643</u>	<u>365,354</u>
Expenditure				
Fundraising expenses	6,531	56,987	63,518	7,517
Administrative expenses	90,299	-	90,299	115,386
Investment counsel fees	9,213	-	9,213	7,095
	<u>106,043</u>	<u>56,987</u>	<u>163,030</u>	<u>129,998</u>
Excess (deficiency) of revenues over expenditures before allocation to South Huron Hospital Association	\$ 83,770	\$ 346,843	\$ 430,613	\$ 235,356
Allocation to South Huron Hospital Association	<u>(229,670)</u>	<u>(165,013)</u>	<u>(394,683)</u>	<u>(257,516)</u>
Excess (deficiency) of revenues over expenditures	(\$ 145,900)	\$ 181,830	\$ 35,930	(\$ 22,160)
Accumulated surplus, beginning of year	2,530,325	148,083	2,678,408	2,700,568
Accumulated surplus, end of year	<u>\$ 2,384,425</u>	<u>\$ 329,913</u>	<u>\$ 2,714,338</u>	<u>\$ 2,678,408</u>

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

See Accompanying Notes to Financial Statements

For the Year Ended March 31	2016	2015
Operating activities		
Excess of revenue over expenses for the year	35,930	(22,160)
Items not requiring (not providing) cash		
Gain on sale of investments	-	(20,899)
Loss on sale of investments	46,570	-
Working capital provided from operations	82,500	(43,059)
Cash provided from (used for) changes in operational balances		
Accounts receivable	(3,773)	128
Prepaid expenses	(15,578)	(7,653)
Accounts payable and accrued liabilities	45	(237)
Cash provided from (used for) operating activities	63,194	(50,821)
Financing and investing activities		
Net investment sales (purchases)	(22,045)	(63,384)
Due to/from South Huron Hospital Association	145,668	(106,585)
	123,623	(169,969)
Increase (decrease) in cash	186,817	(220,790)
Cash, beginning of year	145,031	365,821
Cash, end of year	\$ 331,848	\$ 145,031

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

For the Year Ended March 31, 2016

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 using the restricted fund method of accounting. Under the restricted fund method of accounting, there are no deferred contributions in a restricted fund; all contributions are taken into revenue in the current period.

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>2016</u>		<u>2015</u>	
	cost	market value	cost	market value
Cash	10,925	10,923	6,043	6,045
Fixed income	1,710,006	1,685,116	1,671,160	1,670,565
Equities	<u>706,483</u>	<u>801,416</u>	<u>725,241</u>	<u>845,370</u>
	<u>\$ 2,427,414</u>	<u>\$ 2,497,455</u>	<u>\$ 2,402,444</u>	<u>\$ 2,521,980</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.