

**SOUTH HURON HOSPITAL FOUNDATION**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**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, 2014, 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, 2014 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 Accountants  
Licensed Public Accountants

Clinton, Ontario  
May 7, 2014

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

See Accompanying Notes to Financial Statements

<b>As at March 31</b>	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	365,821	269,495
Accounts receivable	10,865	8,891
Investments (note 3)	2,437,697	2,298,776
Prepaid expenses	39	506
	<u>\$ 2,814,422</u>	<u>\$ 2,577,668</u>
<b>LIABILITIES AND SURPLUS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	2,937	2,921
Due to South Huron Hospital Association	110,917	4,362
	<u>113,854</u>	<u>7,283</u>
<b>Surplus</b>		
Unrestricted	2,520,084	2,323,785
Restricted	180,484	246,600
	<u>2,700,568</u>	<u>2,570,385</u>
	<u>\$ 2,814,422</u>	<u>\$ 2,577,668</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	2014 Total	2013 Total
<b>Receipts</b>				
Donations and fundraising	172,110	127,229	<b>299,339</b>	321,903
Investment income - interest, dividends and realized gains (losses)	104,333	-	<b>104,333</b>	75,576
Investment income - unrealized holding gains (losses)	43,211	-	<b>43,211</b>	79,859
	<u>319,654</u>	<u>127,229</u>	<b>446,883</b>	<u>477,338</u>
<b>Expenditure</b>				
Fundraising expenses	5,951	43,258	<b>49,209</b>	47,101
Administrative expenses	97,377	-	<b>97,377</b>	73,380
Investment counsel fees	6,326	-	<b>6,326</b>	5,892
	<u>109,654</u>	<u>43,258</u>	<b>152,912</b>	<u>126,373</u>
<b>Excess (deficiency) of revenues over expenditures before allocation to South Huron Hospital Association</b>	<b>\$ 210,000</b>	<b>\$ 83,971</b>	<b>\$ 293,971</b>	<b>\$ 350,965</b>
<b>Allocation to South Huron Hospital Association</b>	<u>(13,701)</u>	<u>(150,087)</u>	<b>(163,788)</b>	<u>(242,191)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 196,299</b>	<b>(\$ 66,116)</b>	<b>\$ 130,183</b>	<b>\$ 108,774</b>
<b>Accumulated surplus, beginning of year</b>	2,323,785	246,600	<b>2,570,385</b>	2,461,611
<b>Accumulated surplus, end of year</b>	<u>\$ 2,520,084</u>	<u>\$ 180,484</u>	<b>\$ 2,700,568</b>	<u>\$ 2,570,385</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>2014</b>	<b>2013</b>
<b>Operating activities</b>		
Excess of revenue over expenses for the year	130,183	108,774
Items not requiring (not providing) cash		
Gain on sale of investments	(30,185)	(13,400)
Working capital provided from operations	99,998	95,374
Cash provided from (used for) changes in operational balances		
Accounts receivable	(1,974)	9
Prepaid expenses	467	(29)
Accounts payable and accrued liabilities	16	605
Cash provided from (used for) operating activities	98,507	95,959
<b>Financing and investing activities</b>		
Net investment sales (purchases)	(108,736)	(135,927)
Due to/from South Huron Hospital Association	106,555	4,362
	(2,181)	(131,565)
<b>Increase (decrease) in cash</b>	<b>96,326</b>	<b>(35,606)</b>
<b>Cash, beginning of year</b>	<b>269,495</b>	<b>305,101</b>
<b>Cash, end of year</b>	<b>\$ 365,821</b>	<b>\$ 269,495</b>

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

**For the Year Ended March 31, 2014**

**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>2014</u>		<u>2013</u>	
	cost	market value	cost	market value
Cash	30,504	30,504	3,062	3,062
Fixed income	1,575,004	1,576,077	1,519,126	1,522,102
Equities	<u>709,119</u>	<u>831,116</u>	<u>696,729</u>	<u>773,612</u>
	<u>\$ 2,314,627</u>	<u>\$ 2,437,697</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.