

**CAMPBELLFORD MEMORIAL HOSPITAL
FOUNDATION
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014**

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
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AS AT DECEMBER 31, 2014**

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INDEPENDENT AUDITORS' REPORT

To the Members of
Campbellford Memorial Hospital Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Campbellford Memorial Hospital Foundation, which comprise the statement of financial position as at December 31, 2014 and the statements of changes in net assets, operations 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 accounting standards for not-for-profit organizations and for such internal controls as management determines are 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 whether the financial statements are free of 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these assessments, the auditor considers internal control relevant to the Foundation'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 Foundation'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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from fundraising events and donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we are not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Wilkinson & Company LLP

TRENTON, Canada
April 22, 2015

Chartered Accountants
Licensed Public Accountants

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014**

| | 2014 | 2013 |
|--|-----------|-----------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 189,591 | 501,836 |
| Accounts receivable | 12,092 | 11,847 |
| Prepaid expenses | 7,601 | 7,988 |
| Investments - Note 1 (c) | 317,689 | 113,217 |
| | 526,973 | 634,888 |
| TANGIBLE CAPITAL ASSETS - Note 2 | 43,623 | 43,623 |
| RESTRICTED ASSETS - Note 3 | 356,939 | 411,399 |
| | 927,535 | 1,089,910 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | 83,688 | 68,538 |
| | 83,688 | 68,538 |
| RESTRICTED CURRENT LIABILITIES | | |
| Current portion of long-term debt - Note 4 | 70,000 | 70,000 |
| | 153,688 | 138,538 |
| RESTRICTED LONG-TERM | | |
| Due to Campbellford Memorial Hospital - Note 4 | 322,000 | 392,000 |
| | 475,688 | 530,538 |
| NET ASSETS | | |
| Externally Restricted | (122,449) | (129,365) |
| Endowment Fund | 87,388 | 78,764 |
| Unrestricted | 443,285 | 566,350 |
| Invested in capital assets | 43,623 | 43,623 |
| | 451,847 | 559,372 |
| | 927,535 | 1,089,910 |

COMMITMENTS - Note 4

CONTINGENCIES - Note 11

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

The accompanying notes form an integral part of these financial statements

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | <u>Externally Restricted</u> | | | Endowment Fund | <u>Unrestricted</u> Invested in Capital | | 2014 \$ |
|--|------------------------------|----------------------|-------------|-------------------|---|--------------|------------|
| | CMH Hospital \$ | CT Campaign \$ | Total \$ | | General \$ | Assets \$ | |
| Balance - Beginning of year | 326,726 | (456,091) | (129,365) | 78,764 | 566,350 | 43,623 | 559,372 |
| Excess (deficiency) of revenue over expenditures | (62,331) | 5,947 | (56,384) | 8,624 | (59,765) | - | (107,525) |
| Internal transfers - Note 9 | - | 63,300 | 63,300 | - | (63,300) | - | - |
| Balance - End of year | 264,395 | (386,844) | (122,449) | 87,388 | 443,285 | 43,623 | 451,847 |

FOR THE YEAR ENDED DECEMBER 31, 2013

| | <u>Externally Restricted</u> | | | Endowment Fund | <u>Unrestricted</u> Invested in Capital | | 2013 \$ |
|--|------------------------------|----------------------|-------------|-------------------|---|--------------|------------|
| | CMH Hospital \$ | CT Campaign \$ | Total \$ | | General \$ | Assets \$ | |
| Balance - Beginning of year | 329,241 | (505,070) | (175,829) | 78,764 | 352,626 | 61,930 | 317,491 |
| Excess (deficiency) of revenue over expenditures | (2,515) | 10,856 | 8,341 | - | 171,687 | 61,853 | 241,881 |
| Internal transfers | - | 38,123 | 38,123 | - | 42,037 | (80,160) | - |
| Balance - End of year | 326,726 | (456,091) | (129,365) | 78,764 | 566,350 | 43,623 | 559,372 |

The accompanying notes form an integral part of these financial statements

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

RESTRICTED

| | CMH Equipment \$ | CT Campaign \$ | Total \$ | Endowment Funds \$ | Unrestricted \$ | Total 2014 \$ | Total 2013 \$ |
|---|------------------------|----------------------|------------------|--------------------------|--------------------|---------------------|---------------------|
| REVENUE | | | | | | | |
| Donations | | | | | | | |
| - Bequests | - | - | - | - | 59,800 | 59,800 | 224,965 |
| - Other | 413,554 | 29,615 | 443,169 | 10,910 | 301,178 | 755,257 | 580,275 |
| Grants | - | - | - | - | 9,154 | 9,154 | 5,000 |
| Investment income | | | | | | | |
| - Note 6 | 8,641 | - | 8,641 | 6,661 | 18,828 | 34,130 | 45,485 |
| Gain on sale of real estate | - | - | - | - | - | - | 61,853 |
| Nevada | 886 | - | 886 | - | - | 886 | 718 |
| | 423,081 | 29,615 | 452,696 | 17,571 | 388,960 | 859,227 | 918,296 |
| EXPENDITURES | | | | | | | |
| Contracted out - | | | | | | | |
| Admin costs | 3,000 | - | 3,000 | - | 2,599 | 5,599 | 21,629 |
| Bursaries | - | - | - | - | 1,001 | 1,001 | 1,000 |
| Life endowment programs | - | - | - | - | 304 | 304 | 848 |
| Office, printing & supplies | 758 | 10,630 | 11,388 | 1,228 | 22,818 | 35,434 | 39,289 |
| Physician recruitment | - | - | - | - | 3,431 | 3,431 | - |
| Professional fees | - | - | - | - | 3,762 | 3,762 | 5,953 |
| Fundraising & events | 38,305 | 2,680 | 40,985 | - | 34,430 | 75,415 | 83,316 |
| Realty costs | - | - | - | - | 12 | 12 | 9,596 |
| Salaries & benefits | 60,078 | 10,358 | 70,436 | - | 136,729 | 207,165 | 205,345 |
| | 102,141 | 23,668 | 125,809 | 1,228 | 205,086 | 332,123 | 366,976 |
| EXCESS OF REVENUE OVER EXPENDITURES BEFORE TRANSFERS | | | | | | | |
| | 320,940 | 5,947 | 326,887 | 16,343 | 183,874 | 527,104 | 551,320 |
| TRANSFERS | | | | | | | |
| Campbellford Memorial Hospital - | | | | | | | |
| Notes 4 & 5 | (383,271) | - | (383,271) | (7,719) | (243,484) | (634,474) | (309,439) |
| Other | - | - | - | - | (155) | (155) | - |
| | (383,271) | - | (383,271) | (7,719) | (243,639) | (634,629) | (309,439) |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | | | | | | | |
| | (62,331) | 5,947 | (56,384) | 8,624 | (59,765) | (107,525) | 241,881 |

The accompanying notes form an integral part of these financial statements

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | 2014 | 2013 |
|---|------------------|-----------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenue over expenditures | (107,525) | 241,881 |
| Adjustment for item which does not affect cash - | | |
| Gain on sale of real estate | - | (61,853) |
| Net change in non-cash working capital - | | |
| (Increase) decrease in short-term investments | (204,472) | (3,948) |
| (Increase) decrease in accounts receivable | (245) | (3,620) |
| (Increase) decrease in prepaid expenses | 387 | (6,261) |
| Increase (decrease) in accounts payable and accrued liabilities | 15,150 | 29,522 |
| Decrease in commitments to CMH | (70,000) | (70,000) |
| CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES | (366,705) | 125,721 |
| INVESTING ACTIVITIES | | |
| Transfer of tangible capital assets | - | (4,713) |
| Proceeds on disposal of tangible capital assets | - | 234,873 |
| CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES | - | 230,160 |
| FINANCING ACTIVITIES | | |
| Decrease in restricted assets | 54,460 | 61,659 |
| Decrease in bank indebtedness | - | (150,000) |
| CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES | 54,460 | (88,341) |
| NET INCREASE (DECREASE) IN CASH FOR YEAR | (312,245) | 267,540 |
| CASH - BEGINNING OF YEAR | 501,836 | 234,296 |
| CASH - END OF YEAR | 189,591 | 501,836 |
| REPRESENTED BY: | | |
| Unrestricted Cash | 189,591 | 501,836 |

The accompanying notes form an integral part of these financial statements

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

The Campbellford Memorial Hospital Foundation is a tax exempt public foundation incorporated for the purpose of raising and managing funds for charitable purposes in the field of health and related charitable social and educational purposes. The Foundation has been registered with Canada Revenue Agency Taxation as a charitable public foundation and accordingly, is exempt from income taxes, provided it disburses its available funds as set out under the requirements of the Income Tax Act.

1. ACCOUNTING POLICIES AND REPORTING PRACTICES

(a) Basis of Accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations

(b) Fund Accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board. Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet these objectives of financial reporting and stewardship over assets, certain inter-fund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These inter-fund transfers are reported on the Statement of Changes in Net Assets.

Campbellford Memorial Hospital Fund

Donations restricted for Campbellford Memorial Hospital include general purpose donations, donations specified for equipment, donations for professional nursing development and other donations for specified purposes.

CT Campaign

Donations restricted for CT Campaign are to be used to pay for the purchase of CT Scan machine, Pyxis machines and physician recruitment.

Capital Assets

Donations and transfers to the Capital Asset Fund are used to fund office furniture and equipment or property held by the Foundation for future development.

Endowment Fund

During the year, the Foundation received funds that are restricted as follows: the interest derived from these funds is to be used to assist in Nursing Education or for the assistance of the Chronic Care and Senior Geriatric Ward.

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. ACCOUNTING POLICIES AND REPORTING PRACTICES - (Cont'd)

(c) Investments

Investments are classified as held-for-trading, and are initially recorded at their acquisition cost, including related transaction costs, on the date of trade. Investments are subsequently adjusted to fair value as at the date of the balance sheet, and the corresponding unrealized gains and losses are recorded in the statement of operations for the year.

(d) Capital Assets and Amortization

Capital assets are stated at cost less related government assistance. Assets acquired under capital leases are recorded at the present value of the future lease obligations at the beginning of the lease. Gains and losses on the sale of capital assets are charged to operations in the year of disposal. The real estate is held primarily to allow for future expansion; accordingly, it is not being amortized.

(e) Revenue Recognition

Investment income is recorded on the accrual basis. Donations and Nevada income are recognized as revenue in the year received.

(f) Pledges

The amount of any pledges to donate funds to the Foundation is not included in revenue until such time as the funds are received.

(g) Cash and Equivalents

Cash is comprised of cash on deposit with the bank and broker.

(h) Accounting Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets, assets, and allocation of expenditures. Actual results could differ from those estimates.

(i) Allocation of expenditures:

Certain administrative expenses, such as staff salaries and fundraising, are allocated among programs based on an estimate of the Organization's time related to each program's activities.

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

1. ACCOUNTING POLICIES AND REPORTING PRACTICES - (Cont'd)

(j) Contributed Services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

2. TANGIBLE CAPITAL ASSETS

| | 2014 Cost \$ | 2013 Cost \$ |
|-------------|--------------------|--------------------|
| Real estate | 30,000 | 30,000 |
| Artwork | 13,623 | 13,623 |
| | 43,623 | 43,623 |

3. RESTRICTED ASSETS

The restricted assets consist of amounts from the following funds:

| | 2014 \$ | 2013 \$ |
|---------------------|----------------|----------------|
| Endowment funds | 87,388 | 78,764 |
| CMH Equipment funds | 264,395 | 326,726 |
| CT Campaign funds | 5,156 | 5,909 |
| | 356,939 | 411,399 |

4. COMMITMENTS

Campbellford Memorial Hospital CT Scan Campaign

The Foundation agreed to fund the CT Scanner of the Campbellford Memorial Hospital which was purchased in a prior year. The initial commitment was \$1,649,064 and a total of \$1,257,064 has now been paid leaving a balance owing of \$392,000. Under the terms of an agreement with the Campbellford Memorial Hospital, the Foundation has guaranteed the Bankers Acceptance and is committed to repay minimum annual principal instalments of \$70,000.

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

5. RELATED PARTY TRANSACTIONS

Related parties include the Campbellford Memorial Hospital, Campbellford Memorial Hospital Auxiliary and other Campbellford area healthcare providers.

Transactions with these related parties have been recorded at the exchange amount and include:

- i) During the year, the Foundation transferred \$234,484 to the Campbellford Memorial Hospital from the General Fund in order to promote the hospital mission and transferred \$383,271 from the Campbellford Memorial Hospital Fund for equipment.
- ii) Campbellford Memorial Hospital pays various expenses on behalf of the Foundation, such as salaries and supplies for which it is reimbursed by the Foundation. At year-end, the payable for these expenses amounts to \$70,891 (2013 - \$26,689) and is included in accounts payable and accrued liabilities.
- iii) During the year, the Foundation transferred \$7,719 (2013 - \$7,047) from the Endowment Fund to Campbellford Memorial Hospital to cover nursing education costs.

6. INVESTMENT INCOME

| | 2014 | 2013 |
|-------------------------------|---------------|---------------|
| | \$ | \$ |
| Interest / Dividend income | 23,270 | 16,515 |
| Gain realized during the year | 9,367 | 6,856 |
| Unrealized gain for the year | 1,493 | 22,114 |
| | 34,130 | 45,485 |

7. FINANCIAL INSTRUMENTS

The fair values of the Foundation's cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the immediate and short-term nature of these financial instruments. It is not practicable to determine the fair value of the amounts due to Campbellford Memorial Hospital due to the non-arm's length nature of the relationship and that there are no repayment terms.

The fair value of the investments is market value, which represents the closing bid price noted on the stock exchange.

The fair value of the long-term debt approximates its carrying value as the interest rate does not differ significantly from the current market rates available to the Foundation for similar debt.

The Foundation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risk that arise from transacting financial instruments include market risk, credit risk, interest rate risk and liquidity risk.

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

7. FINANCIAL INSTRUMENTS - (Cont'd)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include interest rate risk.

The Foundation's investment in publicly-traded securities exposes the Foundation to price risks as equity investments are subject to price changes in an open market. The Foundation does not use derivative financial instruments to alter the effects of this risk.

Interest Rate Risk

Interest rate risk is the potential for financial losses caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The exposure of the Foundation to interest rate risk arises from its interest bearing assets.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

8. CAPITAL DISCLOSURES

The Foundation's objectives with respect to capital management are to maintain a minimum capital base that allows the Foundation to continue with and execute its overall purpose as outlined before Note 1. The Foundation's Board of Directors perform periodic reviews of the Foundation's capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the Foundation.

9. INTERFUND TRANSFER

During the year, the General Fund transferred funds to the CT Campaign Fund to cover the years debt obligation.

10. COMPARATIVE FIGURES

The prior year's figures have been restated to conform with the current year's financial statement presentation.

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

11. CONTINGENCIES

The Foundation has been named as the beneficiary of two life insurance policies, and will be entitled to receive life insurance proceeds upon the death of the insured.

The Foundation had been named as the beneficiary of a \$35,000 annuity. The donor is entitled to all income earned on the annuity during their lifetime. The Foundation will receive a \$35,000 donation upon the death of the annuitant.