

**CAMPBELLFORD MEMORIAL HOSPITAL  
FOUNDATION  
FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2013**

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION**  
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**AS AT DECEMBER 31, 2013**

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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, 2013 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, 2013 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  
May 28, 2014

Chartered Accountants  
Licensed Public Accountants

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2013**

ASSETS	2013 \$	2012 \$
<b>CURRENT</b>		
Cash	463,713	234,296
Accounts receivable	11,847	8,227
Prepaid expenses	7,988	1,727
Investments - Note 1 (c)	151,340	147,392
	<b>634,888</b>	<b>391,642</b>
<b>TANGIBLE CAPITAL ASSETS</b> – Note 6	<b>43,623</b>	<b>211,930</b>
<b>RESTRICTED ASSETS</b> - Note 5	<b>411,399</b>	<b>434,935</b>
	<b>1,089,910</b>	<b>1,038,507</b>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	68,538	39,016
Loan payable - Note 7	-	150,000
	<b>68,538</b>	<b>189,016</b>
<b>RESTRICTED CURRENT LIABILITIES</b>		
Current portion of long-term debt - Note 4	70,000	70,000
	<b>138,538</b>	<b>259,016</b>
<b>RESTRICTED LONG-TERM</b>		
Due to Campbellford Memorial Hospital - Note 4	392,000	462,000
	<b>530,538</b>	<b>721,016</b>
<b>NET ASSETS (DEFICIT)</b>		
Externally Restricted	(129,365)	(175,829)
Endowment Fund	78,764	78,764
Unrestricted	566,350	352,626
Invested in capital assets	43,623	61,930
	<b>559,372</b>	<b>317,491</b>
	<b>1,089,910</b>	<b>1,038,507</b>

**COMMITMENTS** - Note 4

**CONTINGENCIES** - Note 10

**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, 2013**

	<u>Externally Restricted</u>				General	<u>Unrestricted</u>	
	CMH Hospital \$	CT Campaign \$	Total \$	Endowment Fund \$		Invested in Tangible Capital Assets \$	2013 \$
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
Interfund transfer - Note 12	-	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

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Externally Restricted</u>				General	<u>Unrestricted</u>	
	CMH Hospital \$	CT Campaign \$	Total \$	Endowment Fund \$		Invested in Tangible Capital Assets \$	2012 \$
Balance - Beginning of year	85,060	(545,518)	(460,458)	59,169	356,719	61,930	17,360
Excess (deficiency) of revenue over expenditures	244,181	40,448	284,629	19,595	(4,093)	-	300,131
Balance - End of year	329,241	(505,070)	(175,829)	78,764	352,626	61,930	317,491

The accompanying notes form an integral part of these financial statements

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**RESTRICTED**

	CMH Equipment	CT Campaign	Total	Endowment Funds	Unrestricted	Total 2013	Total 2012
	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>							
Donations							
- Auxiliary	-	-	-	-	-	-	70,000
- Bequests	-	-	-	-	224,965	224,965	52,219
- Other	309,027	35,012	344,039	-	236,236	580,275	614,701
Grants	-	-	-	-	5,000	5,000	-
Investment							
Income - Note 2	-	-	-	7,047	38,438	45,485	32,904
Gain on sale of real estate	-	-	-	-	61,853	61,853	-
Nevada	718	-	718	-	-	718	1,252
	<b>309,745</b>	<b>35,012</b>	<b>344,757</b>	<b>7,047</b>	<b>566,492</b>	<b>918,296</b>	<b>771,076</b>
<b>EXPENDITURES</b>							
Contracted out –							
Admin Costs	4,847	-	4,847	-	16,782	21,629	-
Bursaries	-	-	-	-	1,000	1,000	1,000
Life endowment programs	-	-	-	-	848	848	848
Office, printing & supplies	-	11,837	11,837	-	27,452	39,289	24,468
Professional fees	-	-	-	-	5,953	5,953	6,532
Fundraising & events	31,184	2,052	33,236	-	50,080	83,316	50,250
Realty costs	-	-	-	-	9,596	9,596	6,577
Salaries & benefits	59,550	10,267	69,817	-	135,528	205,345	202,804
	<b>95,581</b>	<b>24,156</b>	<b>119,737</b>	<b>-</b>	<b>247,239</b>	<b>366,976</b>	<b>292,479</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE TRANSFERS</b>							
	<b>214,164</b>	<b>10,856</b>	<b>225,020</b>	<b>7,047</b>	<b>319,253</b>	<b>551,320</b>	<b>478,597</b>
<b>TRANSFERS</b>							
To Campbellford Memorial Hospital - Notes 3 & 4	(216,679)	-	(216,679)	(7,047)	(85,713)	(309,439)	(178,136)
Other	-	-	-	-	-	-	(330)
	<b>(216,679)</b>	<b>-</b>	<b>(216,679)</b>	<b>(7,047)</b>	<b>(85,713)</b>	<b>(309,439)</b>	<b>(178,466)</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>							
	<b>(2,515)</b>	<b>10,856</b>	<b>8,341</b>	<b>-</b>	<b>233,540</b>	<b>241,881</b>	<b>300,131</b>

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, 2013**

	2013 \$	2012 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	241,881	300,131
Adjustment for item which does not affect cash -		
Net change in non-cash working capital -		
Gain on sale of real estate	(61,853)	-
(Increase) decrease in short-term investments	(3,948)	66,110
(Increase) decrease in accounts receivable	(3,620)	8,718
(Increase) decrease in prepaid expenses	(6,261)	1,758
Increase (decrease) in accounts payable and accrued liabilities	29,522	(7,646)
Decrease in commitments to CMH	(70,000)	(60,910)
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>	<b>125,721</b>	<b>308,161</b>
<b>INVESTING ACTIVITIES</b>		
Transfer of tangible capital assets	(4,713)	-
Decrease in bank indebtedness	(150,000)	-
Decrease (increase) in restricted assets	61,659	(243,314)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(93,054)</b>	<b>(243,314)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	234,873	-
<b>CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES</b>	<b>234,873</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH FOR YEAR</b>	<b>267,540</b>	<b>64,847</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>234,296</b>	<b>169,449</b>
<b>CASH - END OF YEAR</b>	<b>501,836</b>	<b>234,296</b>
<b>REPRESENTED BY:</b>		
Cash	501,836	234,296

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, 2013**

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.

**Tangible Capital Assets**

Donations and transfers to the Tangible 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, 2013**

**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) Tangible Capital Assets and Amortization**

Tangible 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 tangible 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 generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent 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 those estimates.

**(i) 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.

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**2. INVESTMENT INCOME**

	2013	2012
	\$	\$
Interest / Dividend income	16,515	11,499
Gain (loss) realized during the year	6,856	(5,671)
Unrealized gain for the year	22,114	27,076
	<b>45,485</b>	<b>32,904</b>

**3. RELATED PARTY TRANSACTIONS**

Related parties include the Campbellford Memorial Hospital, Campbellford Memorial Health Centre, 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 \$85,713 to Campbellford Memorial Hospital from the General Fund in order to promote the hospital mission and transferred \$216,679 from the CMH Hospital Fund for equipment.
- ii) During the year, there was no transfer from the Foundation (2012 - \$14,510) to Campbellford Memorial Hospital from the CT Scan Fund.
- iii) 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 \$26,689 (2012 - \$19,857) and is included in accounts payable and accrued liabilities.
- iv) During the year, the Foundation transferred \$7,047 (2012 - \$5,118) from the Endowment Fund to Campbellford Memorial Hospital to cover nursing education costs.

**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 the prior year. The initial commitment was \$1,649,064 and a total of \$1,187,064 has now been paid leaving a balance owing of \$462,000. 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.

The Foundation has entered into a Memorandum of Understanding to raise \$4,000,000 towards the Wellness Fundraising Campaign.

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**5. RESTRICTED ASSETS**

The restricted assets consist of amounts from the following funds:

	2013	2012
	\$	\$
Endowment funds	78,764	78,764
CMH Equipment funds	326,726	329,241
CT Scan fund	5,909	26,930
	<b>411,399</b>	<b>434,935</b>

**6. TANGIBLE CAPITAL ASSETS**

	2013		2012	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Real estate	30,000		203,020	-
Artwork	13,623	-	8,910	-
Cost less accumulated amortization	<b>43,623</b>	<b>-</b>	<b>211,930</b>	<b>-</b>

**7. LOAN PAYABLE**

The short-term loan was fully paid in the current year.

**8. 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.

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**8. FINANCIAL INSTRUMENTS - (Cont'd)**

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

**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.

**Credit Risk**

Credit risk is the risk of financial loss if a debtor fails to make payments of interest and principal when due.

Accounts receivable are short-term in nature and are not subject to material credit risk. The maximum exposure to credit risk and concentration of this risk is limited to the carrying value of these instruments.

**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 and in the current year, the new bridge financing.

With the exception of the new short-term loan, 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.

**Liquidity Risk**

Liquidity risk is the risk that the organization will not be able to meet all cash outflow obligations as they come due. The Foundation mitigates this risk by monitoring cash activities and expected outflows.

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.

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

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**9. 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.

**10. 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.

During the 2012 year, the Foundation was 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.

**11. COMPARATIVE FIGURES**

Certain prior year figures have been reclassified to conform with current year presentation.

**12. INTERFUND TRANSFER**

During the year, the Capital Asset Fund transferred the profits from the sale of property to the General Fund and the General Fund transferred funds to the CT Campaign Fund to cover the years debt obligation.