



**CAMPBELLFORD MEMORIAL HOSPITAL
FOUNDATION
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016**

WILKINSON & COMPANY LLP - CHARTERED ACCOUNTANTS

Telephone 613-392-2592 • Toll Free 1-888-713-7283 • Fax 613-392-8512
P.O. Box 400, 71 Dundas Street West, Trenton, Ontario K8V 5R6 • www.wilkinson.net

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
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AS AT DECEMBER 31, 2016**

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INDEPENDENT AUDITOR'S 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, 2016 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.

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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, 2016 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 26, 2017

Chartered Professional Accountants
Licensed Public Accountants

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016**

	2016	2015
	\$	\$
ASSETS		
CURRENT		
Cash	163,874	229,614
Accounts receivable	6,989	11,910
Prepaid expenses	11,961	5,857
Investments - Note 2 (d)	209,128	190,576
	391,952	437,957
TANGIBLE CAPITAL ASSETS - Note 3	43,623	43,623
RESTRICTED ASSETS - Note 4	160,136	218,676
	595,711	700,256
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	53,694	131,862
RESTRICTED CURRENT LIABILITIES		
Current portion of long-term debt - Note 5	70,000	70,000
	123,694	201,862
RESTRICTED LONG-TERM		
Due to Campbellford Memorial Hospital - Note 6	182,000	252,000
	305,694	453,862
NET ASSETS		
Externally Restricted	(226,129)	(228,142)
Endowment Fund	134,265	124,819
Unrestricted	338,258	306,094
Invested in capital assets	43,623	43,623
	290,017	246,394
	595,711	700,256
COMMITMENTS - Note 5		
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, 2016**

	<u>Externally Restricted</u>			Endowment Fund	<u>Unrestricted</u> Invested in Capital		2016 \$
	CMH Hospital \$	CT Campaign \$	Total \$		General \$	Assets \$	
Balance - Beginning of year	90,794	(318,936)	(228,142)	124,819	306,094	43,623	246,394
Excess (deficiency) of revenue over expenditures	(80,803)	3,806	(76,997)	9,446	111,174	-	43,623
Internal transfers - Note 10	-	79,010	79,010	-	(79,010)	-	-
Balance - End of year	9,991	(236,120)	(226,129)	134,265	338,258	43,623	290,017

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Externally Restricted</u>			Endowment Fund	<u>Unrestricted</u> Invested in Capital		2015 \$
	CMH Hospital \$	CT Campaign \$	Total \$		General \$	Assets \$	
Balance - Beginning of year	239,395	(386,844)	(147,449)	131,704	423,969	43,623	451,847
Excess (deficiency) of revenue over expenditures	(148,601)	(8,067)	(156,668)	(6,885)	(41,900)	-	(205,453)
Internal transfers	-	75,975	75,975	-	(75,975)	-	-
Balance - End of year	90,794	(318,936)	(228,142)	124,819	306,094	43,623	246,394

The accompanying notes form an integral part of these financial statements

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

RESTRICTED

	CMH Equipment \$	CT Campaign \$	Total \$	Endowment Funds \$	Unrestricted \$	Total 2016 \$	Total 2015 \$
REVENUE							
Donations							
- Bequests	-	-	-	-	69,719	69,719	97,679
- Other	321,340	13,043	334,383	330	302,994	637,707	602,920
Grants	-	-	-	-	11,071	11,071	10,000
Investment income							
(loss) - Note 7	2,988	-	2,988	13,415	20,218	36,621	(5,749)
Nevada	666	-	666	-	-	666	1,213
	324,994	13,043	338,037	13,745	404,002	755,784	706,063
EXPENDITURES							
Contracted out -							
Admin costs	5,085	-	5,085	-	11,865	16,950	8,812
Bursaries	500	-	500	500	250	1,250	1,250
Life endowment programs	-	-	-	-	304	304	304
Office, printing & supplies	7,478	2,912	10,390	2,616	22,883	35,889	36,049
Professional fees	-	-	-	-	8,055	8,055	9,511
Fundraising & events	21,469	854	22,323	-	70,022	92,345	91,452
Realty costs	-	-	-	-	502	502	6
Salaries & benefits	34,471	5,471	39,942	-	178,921	218,863	215,882
	69,003	9,237	78,240	3,116	292,802	374,158	363,266
EXCESS OF REVENUE OVER EXPENDITURES BEFORE TRANSFERS							
	255,991	3,806	259,797	10,629	111,200	381,626	342,797
TRANSFERS							
Campbellford Memorial Hospital - Notes 5 & 6	(335,769)	-	(335,769)	(1,183)	(26)	(336,978)	(547,519)
Other	(1,025)	-	(1,025)	-	-	(1,025)	(731)
	(336,794)	-	(336,794)	(1,183)	(26)	(338,003)	(548,250)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES							
	(80,803)	3,806	(76,997)	9,446	111,174	43,623	(205,453)

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, 2016**

	2016	2015
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	43,623	(205,453)
Adjustment for items which do not affect cash -		
Net change in non-cash working capital -		
(Increase) decrease in short-term investments	(18,552)	107,797
(Increase) decrease in accounts receivable	4,921	182
(Increase) decrease in prepaid expenses	(6,104)	1,744
Increase (decrease) in accounts payable and accrued liabilities	(78,168)	48,174
Decrease in commitments to CMH	(70,000)	(70,000)
CASH FLOWS USED IN OPERATING ACTIVITIES	(124,280)	(117,556)
FINANCING ACTIVITIES		
Decrease in restricted assets	58,540	157,579
CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES	58,540	157,579
NET INCREASE (DECREASE) IN CASH FOR YEAR	(65,740)	40,023
CASH - BEGINNING OF YEAR	229,614	189,591
CASH - END OF YEAR	163,874	229,614
REPRESENTED BY:		
Unrestricted Cash	163,874	229,614

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, 2016**

1. PURPOSE OF THE ORGANIZATION

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.

2. 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 of Directors (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.

For financial reporting purposes, the accounts have been classified into the following funds:

(i) General

The General Fund accounts for the Foundation's general fundraising, granting and administrative activities

(ii) 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.

(iii) 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.

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

(b) Fund Accounting - (Cont'd)

(iv) Endowment Fund

The Endowment fund includes funds where donor restrictions require that the principal be invested by the Foundation in perpetuity. The investment income generated from assets held for endowment purposes must be used in accordance with the various purposes established by the donors or the Board. Investment income attributed to the fund is accumulated within the fund. Disbursements of income from the fund are in accordance with the terms of the specific endowment requirements.

(v) 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.

(c) Financial Instruments

(i) Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of financial instruments that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost except for equities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at fair value include cash, short-term investments. Financial assets measured at amortized cost include accounts receivables.

There are no financial liabilities measured at fair value. Financial liabilities measured at amortized cost include accounts payable and long-term debt.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recorded in net income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the impairment amount previously recognized.

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

(d) 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.

(e) 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.

(f) Revenue Recognition

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

(g) 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.

(h) Cash and Equivalents

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

(i) 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.

(j) 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, 2016**

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

(k) 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.

3. TANGIBLE CAPITAL ASSETS

	2016	2015
	Cost	Cost
	\$	\$
Real estate	30,000	30,000
Artwork	13,623	13,623
	43,623	43,623

4. RESTRICTED ASSETS

The restricted assets consist of amounts from the following funds:

	2016	2015
	\$	\$
Endowment funds	134,265	124,818
CMH Equipment funds	9,990	90,794
CT Scan fund	15,881	3,064
	160,136	218,676

5. 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 \$1,397,064 has now been paid leaving a balance owing of \$252,000. 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, 2016**

6. 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 \$336,794 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 \$25,565 (2015 - \$35,117) and is included in accounts payable and accrued liabilities.
- iii) During the year, the Foundation transferred \$1,209 (2015 - \$1,914) from the Endowment Fund to Campbellford Memorial Hospital to cover nursing education costs.

7. INVESTMENT INCOME

	2016	2015
	\$	\$
Interest / Dividend income	6,383	7,858
Gain realized during the year	6,264	6,968
Unrealized gain (loss) for the year	23,974	(20,575)
	36,621	(5,749)

8. FINANCIAL INSTRUMENTS

The Foundation is exposed to various financial risks through transactions in financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments.

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.

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

8. FINANCIAL INSTRUMENTS - (Cont'd)

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.

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.

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. INTERFUND TRANSFER

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