

**CAMPBELLFORD MEMORIAL HOSPITAL
FOUNDATION
FINANCIAL STATEMENTS
For the year ended December 31, 2015**

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
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AS AT DECEMBER 31, 2015

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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, 2015 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.

WILKINSON & COMPANY LLP - CHARTERED ACCOUNTANTS

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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, 2015 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 25, 2016

Chartered Accountants
Licensed Public Accountants

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	2015	2014
	\$	<u>Restated</u> \$
ASSETS		
CURRENT		
Cash	229,614	189,591
Accounts receivable	11,910	12,092
Prepaid expenses	5,857	7,601
Investments - Note 2 (d)	190,576	298,373
	<u>437,957</u>	<u>507,657</u>
TANGIBLE CAPITAL ASSETS – Note 4	43,623	43,623
RESTRICTED ASSETS - Note 5	218,676	376,255
	<u>700,256</u>	<u>927,535</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	131,862	83,688
	<u>131,862</u>	<u>83,688</u>
RESTRICTED CURRENT LIABILITIES		
Current portion of long-term debt - Note 6	70,000	70,000
	<u>201,862</u>	<u>153,688</u>
RESTRICTED LONG-TERM		
Due to Campbellford Memorial Hospital - Note 6	252,000	322,000
	<u>453,862</u>	<u>475,688</u>
NET ASSETS		
Externally Restricted	(228,142)	(147,449)
Endowment Fund	124,819	131,704
Unrestricted	306,094	423,969
Invested in capital assets	43,623	43,623
	<u>246,394</u>	<u>451,847</u>
	<u>700,256</u>	<u>927,535</u>

COMMITMENTS - Note 6

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
AS AT DECEMBER 31, 2015

	<u>Externally Restricted</u>			Endowment Fund	<u>Unrestricted</u>		2015 \$
	CMH	CT	Total		General	Invested in Capital Assets	
	Hospital \$	Campaign \$					
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 - - Note 11	-	75,975	75,975	-	(75,975)	-	-
Balance - End of year	90,794	(318,936)	(228,142)	124,819	306,094	43,623	246,394

RESTATED FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Externally Restricted</u>			Endowment Fund	<u>Unrestricted</u>		2014 \$
	CMH	CT	Total		General	Invested in Capital Assets	
	Hospital \$	Campaign \$					
Prior Year Balance - Beginning of 2014 year	326,726	(456,091)	(129,365)	78,764	566,350	43,623	559,372
Prior period adjustments - Note 3	(25,000)	-	(25,000)	41,498	(16,498)	-	-
Restated Prior Year Balance - Beginning of 2014 year	301,726	(456,091)	(154,365)	120,262	549,852	43,623	559,372
Restated Excess (deficiency) of revenue over expenditures - Note 3	(62,331)	5,947	(56,384)	11,442	(62,583)	-	(107,525)
Internal Transfers	-	63,300	63,300	-	(63,300)	-	-
Balance - End of year	239,395	(386,844)	(147,449)	131,704	423,969	43,623	451,847

The accompanying notes form an integral part of these financial statements

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF OPERATIONS
AS AT DECEMBER 31, 2015**

	<u>RESTRICTED</u>		Total	Endowment		Total 2015	Total 2014 Restated
	CMH Equipment	CT Campaign		Funds	Unrestricted		
	\$	\$	\$	\$	\$	\$	\$
REVENUE							
Donations							
- Bequests	-	-	-	-	97,679	97,679	59,800
- Other	325,956	14,339	340,295	175	262,450	602,920	755,257
Grants	-	-	-	-	10,000	10,000	9,154
Investment							
Income (Loss) - Note 8	(504)	-	(504)	(2,213)	(3,032)	(5,749)	34,130
Nevada	1,213	-	1,213	-	-	1,213	886
	326,665	14,339	341,004	(2,038)	367,097	706,063	859,227
EXPENDITURES							
Contracted out -							
Admin Costs	4,406	-	4,406	-	4,406	8,812	5,599
Bursaries	500	-	500	500	250	1,250	1,001
Life endowment programs	-	-	-	-	304	304	304
Office, printing & supplies	668	9,734	10,402	2,933	22,714	36,049	39,433
Physician recruitment	-	-	-	-	-	-	3,431
Professional fees	-	-	-	-	9,511	9,511	3,762
Fundraising & events	42,690	1,878	44,568	-	46,884	91,452	71,416
Realty costs	-	-	-	-	6	6	12
Salaries & benefits	62,606	10,794	73,400	-	142,482	215,882	207,165
	110,870	22,406	133,276	3,433	226,557	363,266	332,123
EXCESS OF REVENUE OVER EXPENDITURES BEFORE TRANSFERS							
	215,795	(8,067)	207,728	(5,471)	140,540	342,797	527,104
TRANSFERS							
To Campbellford							
Memorial Hospital -							
Notes 6 & 7	(363,665)	-	(363,665)	(1,414)	(182,440)	(547,519)	(634,474)
Other	(731)	-	(731)	-	-	(731)	(155)
	(364,396)	-	(364,396)	(1,414)	(182,440)	(548,250)	(634,629)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES							
	(148,601)	(8,067)	(156,668)	(6,885)	(41,900)	(205,453)	(107,525)

The accompanying notes form an integral part of these financial statements

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2015**

	2015	2014
	\$	<u>Restated</u> \$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	(205,453)	(107,525)
Net change in non-cash working capital -		
(Increase) decrease in short-term investments	107,797	(147,033)
(Increase) decrease in accounts receivable	182	(245)
(Increase) decrease in prepaid expenses	1,744	387
Increase (decrease) in accounts payable and accrued liabilities	48,174	15,150
Decrease in commitments to CMH	(70,000)	(70,000)
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES	(117,556)	(309,266)
FINANCING ACTIVITIES		
Decrease in restricted assets	157,579	35,144
CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES	157,579	35,144
NET INCREASE (DECREASE) IN CASH FOR YEAR	40,023	(274,122)
CASH - BEGINNING OF YEAR	189,591	463,713
CASH - END OF YEAR	229,614	189,591
REPRESENTED BY:		
Unrestricted Cash	229,614	189,591

The accompanying notes form an integral part of these financial statements

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2015

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 in the statements of operations and 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 those funds where resources are to be used for an identified purpose as specified by the donor, as stipulated by the fundraising appeal or as determined by the Board. These may include donations specified for equipment, donations for bursaries not otherwise classified as endowments 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.

The accompanying notes form an integral part of these financial statements

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2015

2. ACCOUNTING POLICIES AND REPORTING PRACTICES - (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 Tangible 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.

The accompanying notes form an integral part of these financial statements

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2015

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

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 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 revenues 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.

(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.

The accompanying notes form an integral part of these financial statements

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2015**

3. PRIOR PERIOD RESTATEMENT

The Foundation's financial statements have been restated due to prior period misstatement of the net asset fund balance allocations.

In the prior period, inter-fund transfers to the Endowment Fund in the amount of \$19,316 from the General Fund and \$25,000 from the Campbellford Memorial Hospital Fund were required to maintain the principal balance of the named endowments, but not recorded.

The investment income attributed to the Endowment fund in 2014 was understated by \$2,818 and overstated by the same amount for the General Fund.

The result of this correction to the prior period is as follows:

	2014 \$
Increase in Endowment Fund net assets	44,316
Decrease in CMH Hospital Fund net assets	(25,000)
Decrease in General Fund net assets	(19,316)
Increase in Restricted Assets	19,316
Decrease in unrestricted Investments	(19,316)
Increase in Endowment Fund net income	2,818
Decrease in General Fund net income	(2,818)
	-

4. TANGIBLE CAPITAL ASSETS

	2015 Cost \$	2014 Cost \$
Real estate	30,000	30,000
Artwork	13,623	13,623
	43,623	43,623

The accompanying notes form an integral part of these financial statements

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2015**

5. RESTRICTED ASSETS

The restricted assets consist of amounts from the following funds:

	2015	2014
	\$	<u>Restated</u>
		\$
Endowment funds	124,818	131,704
CMH Equipment funds	90,793	239,395
CT Scan fund	3,065	5,156
	218,676	376,255

6. 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 \$1,327,064 has now been paid leaving a balance owing of \$322,000. 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.

7. 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 \$182,690 to Campbellford Memorial Hospital from the General Fund in order to promote the hospital mission and a bursary. The Foundation transferred \$364,896 from the CMH Hospital Fund for equipment or for donor specified other purpose.
- 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 \$35,117 (2014 - \$70,891) and is included in accounts payable and accrued liabilities.
- iii) During the year, the Foundation transferred \$1,914 (2014 - \$7,719) from the Endowment Fund to Campbellford Memorial Hospital to cover costs and a bursary as specified by endowment agreements.

The accompanying notes form an integral part of these financial statements

CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2015

8. INVESTMENT INCOME

	2015	2014
	\$	\$
Interest / Dividend income	7,858	23,270
Gain (loss) realized during the year	6,968	9,367
Unrealized gain for the year	(20,575)	1,493
	(5,749)	34,130

9. 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.

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.

**CAMPBELLFORD MEMORIAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2015**

9. FINANCIAL INSTRUMENTS - (Cont'd)

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.

10. 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 in 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.

11. INTERFUND TRANSFER

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

12. COMPARATIVE FIGURES

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