

Stevenson Memorial Hospital Foundation
Financial Statements
For the year ended March 31, 2014

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Independent Auditor's Report

To the Board of Directors of Stevenson Memorial Hospital Foundation

We have audited the accompanying financial statements of Stevenson Memorial Hospital Foundation, which comprise the statements of financial position as at March 31, 2014, and the statements of operations and changes in net assets, and the statement of cash flows for the years 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 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 audits. We conducted our audits 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 Corporation'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 Corporation'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 in our audits 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 Stevenson Memorial 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 accounting standards for not-for-profit organizations.

Chartered Accountants, Licensed Public Accountants

Alliston, Ontario
May 29, 2014

Stevenson Memorial Hospital Foundation Statement of Financial Position

March 31,	2014	2013
Assets		
Current		
Cash (Note 2)	\$ 109,422	\$ 48,342
Portfolio cash	13,612	47,385
Other receivables	20,709	33,203
Inventory	1,791	6,792
Prepaid expenses	11,740	16,663
	157,274	152,385
Long-term investments - unrestricted (Note 3)	2,542,039	2,809,587
Long-term investments - restricted (Note 3)	502,544	325,294
Property, plant and equipment (Note 4)	50,015	-
	3,094,598	3,134,881
	\$3,251,872	\$ 3,287,266
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 151,036	\$ 25,852
Deferred gala revenue	-	120,357
	151,036	146,209
Net Assets		
Unrestricted	2,598,292	2,815,763
Externally restricted	502,544	325,294
	3,100,836	3,141,057
	\$3,251,872	\$ 3,287,266

On behalf of the board:

 Director

 Director

Stevenson Memorial Hospital Foundation Statement of Operations and Changes in Net Assets

For the year ended March 31	Unrestricted	Externally Restricted	Total 2014	Total 2013
Revenues				
Donations	\$ 604,271	\$ 347,081	\$ 951,352	\$ 946,381
Gifts in kind - unreceipted (Note 6)	-	-	-	2,280
Investment income	372,354	-	372,354	249,000
Sales	14,107	-	14,107	1,190
Events	162,519	-	162,519	9,424
Membership fees	510	-	510	745
Foreign exchange gain (loss)	10,003	-	10,003	(9,801)
	<u>1,163,764</u>	<u>347,081</u>	<u>1,510,845</u>	<u>1,199,219</u>
Expenses (Note 5)				
Amortization of property, plant and equipment	861	-	861	-
Consulting and other fees	1,758	-	1,758	9,108
Fundraising and events (Note 6)	138,614	-	138,614	68,809
Investment fees	22,620	-	22,620	20,445
Marketing and promotion	3,025	-	3,025	1,268
Office supplies and printing	15,203	-	15,203	17,501
Professional development	2,199	-	2,199	-
Professional fees	11,425	-	11,425	10,225
Wages and benefits	197,745	-	197,745	200,185
	<u>393,450</u>	<u>-</u>	<u>393,450</u>	<u>327,541</u>
Excess of revenues over expenses	770,314	347,081	1,117,395	871,678
Net assets, beginning of the year	2,815,763	325,294	3,141,057	3,014,771
Contributions to Stevenson Memorial Hospital (Note 5)	(987,785)	(169,831)	(1,157,616)	(745,392)
Net assets, end of the year	\$ 2,598,292	\$ 502,544	\$ 3,100,836	\$ 3,141,057

Stevenson Memorial Hospital Foundation Statement of Cash Flows

For the year ended March 31	2014	2013
Excess of revenues over expenses	\$ 1,117,395	\$ 871,678
Contributions to Stevenson Memorial Hospital	(1,157,616)	(745,392)
Items not involving cash:		
Amortization of property, plant and equipment	861	-
	(39,360)	126,286
Changes in non-cash working capital:		
Other receivables	12,494	(24,473)
Inventory	5,001	(6,713)
Prepaid expenses	4,922	(12,749)
Accounts payable and accrued liabilities	125,186	(6,033)
Deferred gala revenue	(120,357)	120,357
	(12,114)	196,675
Cash flows from investing activities		
Acquisition of property, plant and equipment	(50,876)	-
Sale of investments	90,297	-
Purchase of investments	-	(2,160,813)
	39,421	(2,160,813)
Net increase (decrease) in cash	27,307	(1,964,138)
Cash, beginning of the year	95,727	2,059,865
Cash, end of year	\$ 123,034	\$ 95,727
Represented by:		
Bank	\$ 109,422	\$ 48,342
Portfolio cash	13,612	47,385
	\$ 123,034	\$ 95,727

Stevenson Memorial Hospital Foundation

Notes to Financial Statements

March 31, 2014

1. Significant Accounting Policies

Purpose of Organization	Stevenson Memorial Hospital Foundation is a non-profit foundation incorporated December 30, 1985 without share capital under the laws of Ontario. The Foundation accepted the transfer of the investment portfolio of Stevenson Memorial Hospital in March 1986. The purpose of the Foundation is to receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time-to-time, for medical, charitable or educational purposes, within the Province of Ontario, including, without limiting the generality of the foregoing, for the support of Stevenson Memorial Hospital of Alliston. The Foundation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.
Basis of Accounting	These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay. The only exception to this policy are donations which are recorded when received.
Inventory	Inventory is stated at the lower of cost and replacement cost. Cost is generally determined on the first-in, first-out basis. Replacement cost is the amount that would be needed currently to acquire an equivalent asset.
Contributed Materials and Services	Contributed materials and services which are used in the normal course of the Foundation's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.
Revenue Recognition	<p>The Foundation follows the restricted method of accounting for donations. Donations and gifts in kind which are restricted by the donors for specific purposes are recorded as restricted funds; other donations are recorded as unrestricted. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Sales and events revenues are recognized on the accrual basis and recorded as either restricted or unrestricted based on their intended purpose.</p> <p>Investment income is recognized on the accrual basis and recorded in the unrestricted net assets.</p>

Stevenson Memorial Hospital Foundation

Notes to Financial Statements

March 31, 2014

Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the average exchange rate in effect at that date as determined by the Bank of Canada. The resulting foreign exchange gains and losses are included in income in the current period.

Use of Estimates

The financial statements of the Foundation have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The principal estimate used various fund balances of unrealized gains and losses related to the change in the fair value of investments. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality.

Financial Instruments

Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Stevenson Memorial Hospital Foundation Notes to Financial Statements

March 31, 2014

**Property, Plant and
Equipment**

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When property, plant and equipment no longer contributes to the Foundation's ability to provide services or the value of future economic benefits associated with the property, plant and equipment is less than its net book value, the carrying value of the property, plant and equipment is reduced to reflect the decline in the asset's value.

Property, plant and equipment are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which have been which have been estimated as follows:

Office equipment	5 years
Computer equipment	3 years
Leasehold improvements	10 years

Stevenson Memorial Hospital Foundation Notes to Financial Statements

March 31, 2014

2. Cash

The Foundation maintains all cash balances at the Bank of Montreal and earns interest at prime less 1.75%

3. Investments

	2014		2013	
	Cost	Quoted Market value	Cost	Quoted Market value
Canadian equities	\$ 2,044,571	\$ 2,253,500	\$ 2,577,338	\$ 2,685,547
International equities	164,780	180,817	-	-
U.S. equities	378,409	472,113	396,466	449,334
TD Private Return Fund	135,000	138,153	-	-
	\$ 2,722,760	\$ 3,044,583	\$ 2,973,804	\$ 3,134,881

Investments in securities with an active market have been included at market based on quoted bid prices as at March 31, 2014.

Canadian equities are comprised of the outstanding shares of various public companies. They have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally received quarterly, semi-annually or annually. The maximum investment in any one Canadian company at March 31, 2014 is 1,850 common shares of Enbridge Inc. with a market value of \$92,889 (cost - \$77,742). The maximum investment in any one industry at March 31, 2014 is the Financial Services Industry with an investment at market value of \$427,862 (cost - \$324,486) which represents 32.72% of the total investment in Canadian equities (29.74% of the total cost of Canadian equities).

International equities are comprised of outstanding shares of various public companies. They have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally received quarterly, semi-annually or annually. The maximum investment in any one international company or mutual fund at March 31, 2014 is 11,640 shares of TD Global Low Volatility O Series NL with a market value of \$166,918 (cost - \$151,495) which represents 92.31% of the total investment in International equities (91.94% of the total cost of International equities).

U.S. equities are comprised of outstanding shares of various public companies. They have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally received quarterly, semi-annually or annually. The maximum investment in any one U.S. company or mutual fund at March 31, 2014 is 508 shares of Apple Inc. with a market value of \$26,659 (cost - \$22,882). The maximum investment in any one industry at March 31, 2014 is the Financial Services Industry with a market value of \$80,221 (cost - \$98,113) which represents 20.78% of the total investment in U.S. equities (21.20% of the total cost of U.S. equities).

Stevenson Memorial Hospital Foundation Notes to Financial Statements

March 31, 2014

3. Investments (continued)

The Foundation has 12,435 units of the TD Private Target Return Fund with a market value of \$135,000 (cost - \$138,153). It has no fixed maturity date and is generally not exposed to interest rate risk. Dividends are received quarterly, semi-annually or annually.

Included in the above investment portfolio are unspent restricted net revenues totalling \$502,544 (2013 - \$325,294).

The amount of change in the fair value of the above investments, designated as held-for-trading and recognized in investment income during the year, was a gain of \$160,746 (2013 - gain of \$101,281).

4. Property, Plant and Equipment

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office equipment	\$ 14,308	\$ 238	\$ -	\$ -
Computer equipment	1,213	34	-	-
Leasehold improvements	35,355	589	-	-
	\$ 50,876	\$ 861	\$ -	\$ -
Net book value		\$ 50,015		\$ -

5. Related Party Transactions

As disclosed in the Summary of Significant Accounting Policies, the Foundation provides funds to Stevenson Memorial Hospital from time to time and as such, the hospital has an economic interest in the Foundation. The Foundation does not exercise control or significant influence over the operations of the hospital, nor does the hospital exercise control or significant influence over the Foundation. Separate audited financial statements are prepared for the hospital.

The following table summarizes the Foundation's related party transactions for the year:

	2014	2013
- Contributions measured at fair value at date of distribution	\$ 1,157,616	\$ 745,392
- Administration and other costs measured at cost recovery	243,067	206,938

Stevenson Memorial Hospital Foundation Notes to Financial Statements

March 31, 2014

6. Fundraising and Events/Gifts in Kind

As part of fundraising events, gifts in kind were given to the Foundation. A tax receipt was not issued for these items. An equivalent \$NIL (2013 - \$2,280) expense, being the fair value of the gift, has been included in fundraising and events.
