

**Stevenson Memorial Hospital Foundation**  
**Financial Statements**  
For the year ended March 31, 2015

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## Independent Auditor's Report

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### 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 statement of financial position as at March 31, 2015, and the statements of operations and changes in net assets 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 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 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 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, 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.

Chartered Professional Accountants, Licensed Public Accountants

Alliston, Ontario  
May 25, 2015

## Stevenson Memorial Hospital Foundation Statement of Financial Position

March 31 2015 2014

### Assets

#### Current

Cash (Note 2)	\$ 48,305	\$ 109,422
Portfolio cash	118,611	13,612
Other receivables	25,219	20,709
Inventory	310	1,791
Prepaid expenses	24,932	11,740

217,377 157,274

Long-term investments - unrestricted (Note 3)	3,441,339	2,542,039
Long-term investments - restricted (Note 3)	63,220	502,544
Property, plant and equipment (Note 4)	44,645	50,015

3,549,204 3,094,598

\$3,766,581 \$ 3,251,872

### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities (Note 5)	\$ 990,734	\$ 151,036
Deferred gala revenue	136,800	-

1,127,534 151,036

#### Net Assets

Unrestricted	2,575,827	2,598,292
Externally restricted	63,220	502,544

2,639,047 3,100,836

\$3,766,581 \$ 3,251,872

On behalf of the board:

M Barber Director

[Signature] Director



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

For the year ended March 31	Unrestricted	Externally Restricted	Total 2015	Total 2014
<b>Revenues</b>				
Donations	\$ 304,537	\$ 463,300	\$ 767,837	\$ 951,352
Investment income	391,571	-	391,571	372,354
Sales	2,961	-	2,961	14,107
Events	1,345	-	1,345	162,519
Membership fees	440	-	440	510
Foreign exchange gain	12,455	-	12,455	10,003
	<u>713,309</u>	<u>463,300</u>	<u>1,176,609</u>	<u>1,510,845</u>
<b>Expenses (Note 5)</b>				
Amortization of property, plant and equipment	5,370	-	5,370	861
Consulting and other fees	2,200	-	2,200	1,758
Fundraising and events	96,617	-	96,617	138,614
Investment fees	24,726	-	24,726	22,620
Marketing and promotion	3,334	-	3,334	3,025
Office supplies, computer licenses and printing	46,172	-	46,172	15,203
Professional development	3,439	-	3,439	2,199
Professional fees	12,030	-	12,030	11,425
Wages and benefits	219,678	-	219,678	197,745
	<u>413,566</u>	<u>-</u>	<u>413,566</u>	<u>393,450</u>
<b>Excess of revenues over expenses</b>	<b>299,743</b>	<b>463,300</b>	<b>763,043</b>	<b>1,117,395</b>
<b>Net assets, beginning of the year</b>	<b>2,598,292</b>	<b>502,544</b>	<b>3,100,836</b>	<b>3,141,057</b>
<b>Contributions to Stevenson Memorial Hospital (Note 5)</b>	<b>(322,208)</b>	<b>(902,624)</b>	<b>(1,224,832)</b>	<b>(1,157,616)</b>
<b>Net assets, end of the year</b>	<b>\$ 2,575,827</b>	<b>\$ 63,220</b>	<b>\$ 2,639,047</b>	<b>\$ 3,100,836</b>

The accompanying notes are an integral part of these financial statements.

## Stevenson Memorial Hospital Foundation Statement of Cash Flows

For the year ended March 31	2015	2014
Excess of revenues over expenses	\$ 763,043	\$ 1,117,395
Contributions to Stevenson Memorial Hospital	(1,224,832)	(1,157,616)
Items not involving cash:		
Amortization of property, plant and equipment	5,370	861
	(456,419)	(39,360)
Changes in non-cash working capital:		
Other receivables	(4,510)	12,494
Inventory	1,481	5,001
Prepaid expenses	(13,192)	4,922
Accounts payable and accrued liabilities	839,698	125,186
Deferred gala revenue	136,800	(120,357)
	503,858	(12,114)
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(50,876)
Sale of investments	-	90,297
Purchase of long-term investments	(459,976)	-
	(459,976)	39,421
Net increase in cash	43,882	27,307
Cash, beginning of the year	123,034	95,727
Cash, end of year	\$ 166,916	\$ 123,034
Represented by:		
Bank	\$ 48,305	\$ 109,422
Portfolio cash	118,611	13,612
	\$ 166,916	\$ 123,034

The accompanying notes are an integral part of these financial statements.

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# Stevenson Memorial Hospital Foundation

## Notes to Financial Statements

March 31, 2015

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### 1. Significant Accounting Policies

<b>Purpose of Organization</b>	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.
<b>Basis of Accounting</b>	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
<b>Inventory</b>	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.
<b>Contributed Materials and Services</b>	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.
<b>Revenue Recognition</b>	<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>



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# Stevenson Memorial Hospital Foundation

## Notes to Financial Statements

March 31, 2015

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### 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 preparation of financial statements in accordance 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 period. The principal estimates used in the preparation of these financial statements includes allowance for doubtful accounts, accrued liabilities and the useful life of property, plant and equipment. Actual results could differ from management's best estimates as additional information becomes available in the future.

### 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.

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# Stevenson Memorial Hospital Foundation

## Notes to Financial Statements

March 31, 2015

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### 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

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### 2. Cash

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

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## Stevenson Memorial Hospital Foundation Notes to Financial Statements

March 31, 2015

### 3. Investments

	2015		2014	
	Cost	Quoted Market value	Cost	Quoted Market value
Canadian equities	\$ 2,353,344	\$ 2,604,106	\$ 2,044,571	\$ 2,253,500
International equities	158,042	204,836	164,780	180,817
U.S. equities	489,059	695,616	378,409	472,113
TD Private Return Fund	-	-	135,000	138,153
	<b>\$ 3,000,445</b>	<b>\$ 3,504,558</b>	<b>\$ 2,722,760</b>	<b>\$ 3,044,583</b>

Investments in securities with an active market have been included at market based on quoted bid prices as at March 31, 2015.

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, 2015 is 1,655 common shares of Enbridge Inc. with a market value of \$101,038 (cost - \$72,005). The maximum investment in any one industry at March 31, 2015 is the Financial Services Industry with an investment at market value of \$405,625 (cost - \$324,396) which represents 15.58% of the total investment in Canadian equities (13.78% 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, 2015 is 10,845 shares of TD Global Low Volatility O Series NL with a market value of \$183,281 (cost - \$142,263) which represents 89.48% of the total investment in International equities (90.01% 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, 2015 is 295 shares of Apple Inc. with a market value of \$46,490 (cost - \$25,009). The maximum investment in any one industry at March 31, 2015 is the Technology Industry with a market value of \$144,044 (cost - \$87,762) which represents 20.71% of the total investment in U.S. equities (17.95% of the total cost of U.S. equities).

Included in the above investment portfolio are unspent restricted net revenues totalling \$63,220 (2014 - \$502,544).

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 \$182,290 (2014 - gain of \$160,746).

# Stevenson Memorial Hospital Foundation Notes to Financial Statements

March 31, 2015

## 4. Property, Plant and Equipment

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office equipment	\$ 14,308	\$ 1,668	\$ 14,308	\$ 238
Computer equipment	1,213	438	1,213	34
Leasehold improvements	35,355	4,125	35,355	589
	<b>\$ 50,876</b>	<b>\$ 6,231</b>	<b>\$ 50,876</b>	<b>\$ 861</b>
Net book value		<b>\$ 44,645</b>		<b>\$ 50,015</b>

## 5. Related Party Transactions

Stevenson Memorial Hospital (Hospital)

The Hospital is an independent corporation, incorporated without share capital, which has its own independent Board of Directors and is a registered charity under the Income Tax Act (Canada). The Hospital receives funds from the Foundation for the purchase of equipment and renovations to the Hospital.

Amounts donated to the Hospital are externally restricted.

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

	2015	2014
- Contributions measured at fair value at date of distribution	\$ 1,224,832	\$ 1,157,616
- Administration and other costs measured at cost recovery	206,938	243,067

At the end of the year, the amount due to the Hospital measured at carrying value is \$976,389 (2013 - \$135,744) and is included in accounts payable and accrued liabilities.



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# Stevenson Memorial Hospital Foundation

## Notes to Financial Statements

March 31, 2015

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### 6. Financial Instruments

#### Liquidity risk

Liquidity risk is the risk that the Stevenson Memorial Hospital Foundation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Stevenson Memorial Hospital Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Stevenson Memorial Hospital Foundation is exposed to this risk mainly in respect of its accounts payable.

The Stevenson Memorial Hospital Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Stevenson Memorial Hospital Foundation maintains a portion of its invested assets in liquid securities.

There have not been any changes in the risk from the prior year.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Stevenson Memorial Hospital Foundation is mainly exposed to interest rate risk and other price risk.

The Stevenson Memorial Hospital Foundation's risk management strategies are described below.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Approximately 26% of the Stevenson Memorial Hospital Foundation's investments are in international and US equities. Consequently, some assets are exposed to foreign exchange fluctuations. As at year end, investments balances of \$900,452 (2014 - \$652,930) are converted into Canadian dollars.

The Stevenson Memorial Hospital Foundation considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks.

There have not been any changes in the risk from the prior year.



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# Stevenson Memorial Hospital Foundation

## Notes to Financial Statements

March 31, 2015

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### 6. Financial Instruments (continued)

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Stevenson Memorial Hospital Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Stevenson Memorial Hospital Foundation to a fair value risk while the floating rate instruments subject it to a cash flow risk.

A substantial portion of the Stevenson Memorial Hospital Foundation's investments bear interest at floating rates. Fluctuations in these rates will impact the investment income received in the future.

The Stevenson Memorial Hospital Foundation mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

There have not been any changes in the risk from the prior year.

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Stevenson Memorial Hospital Foundation is exposed to other price risk through its investments in quoted shares.

The Stevenson Memorial Hospital Foundation manages other price risk through asset allocation and maintaining a portfolio that is well diversified on both a geographic and industry sector basis.

There have not been any changes in the risk from the prior year.

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