

**The Mount Forest Louise
Marshall Hospital
Foundation
Financial Statements
For the year ended 31st March 2017**

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Independent Auditor's Report

To the Board of Directors The Mount Forest Louise Marshall Hospital Foundation

We have audited the accompanying financial statements of The Mount Forest Louise Marshall Hospital Foundation, which comprises the statement of financial position as at 31st March 2017 and the statements of revenues, expenditures and 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 entity'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 entity'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 audit 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 the organization as at 31st March 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

"BDO Canada LLP"

Chartered Professional Accountants, Licensed Public Accountants

Mount Forest, Ontario
30th May 2017

The Mount Forest Louise Marshall Hospital Foundation Statement of Financial Position

As at 31st March	2017	2016
Assets		
Current		
Cash (Note 2)	\$ 846,684	\$ 510,266
Accounts receivable	622	1,420
Accrued interest receivable	7,579	5,075
	854,885	516,761
Investments (Note 3)	4,536,126	4,376,279
	\$ 5,391,011	\$ 4,893,040

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 50,175	\$ 103,230
Net Assets (Note 4)	5,340,836	4,789,810
	\$ 5,391,011	\$ 4,893,040

On behalf of the Board:

Director

Director

The Mount Forest Louise Marshall Hospital Foundation Statement of Revenues, Expenditures and Net Assets

For the year ended 31st March	2017	2016
Revenues		
Donations	\$ 818,139	\$ 1,644,260
Investment income	165,903	55,423
	984,042	1,699,683
Expenditures		
Audit fees	2,074	2,697
Investment fees	13,856	16,103
LMH emergency room expansion campaign	655	29,436
Supplies	21,228	19,733
Professional services	-	44,540
Wages	89,977	30,550
	127,790	143,059
Operating surplus	856,252	1,556,624
Donations to North Wellington Health Care Corporation	305,226	705,348
Excess of revenues over expenditures	551,026	851,276
Net Assets, beginning of year	4,789,810	3,938,534
Net Assets, end of year	\$ 5,340,836	\$ 4,789,810

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

The Mount Forest Louise Marshall Hospital Foundation Statement of Cash Flows

For the year ended 31st March	2017	2016
Cash provided by (used in)		
Operating activities		
Revenue over (under) expenditures	\$ 551,026	\$ 851,276
Items not involving cash		
Realized investment (gains) loss	(23,290)	(52,070)
Unrealized investment (gains) loss	(57,353)	74,251
Foreign exchange (gains) loss	418	10,336
	470,801	883,793
Changes in non-cash working capital balances		
Decrease (increase) in accounts receivable	798	(41)
Decrease (increase) in accrued interest receivable	(2,504)	(22)
Increase (decrease) in accounts payable and accrued liabilities	(53,055)	(63,009)
	416,040	820,721
Investing activities		
Purchase of investments	(1,001,345)	(1,829,639)
Proceeds on sale of investments	921,723	953,334
	(79,622)	(876,305)
Increase (decrease) in cash during the year	336,418	(55,584)
Cash, beginning of year	510,266	565,850
Cash, end of year	\$ 846,684	\$ 510,266

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

The Mount Forest Louise Marshall Hospital Foundation

Notes to Financial Statements

31st March 2017

1. Significant Accounting Policies

Nature of Business The foundation is incorporated under the laws of Ontario as a corporation without share capital. The foundation is to receive and maintain funds and to apply those funds to capital projects for the Mount Forest site of the North Wellington Health Care Corporation (known as Louise Marshall Hospital). The foundation is a registered charity and is exempt from income tax under the Income Tax Act.

Basis of Accounting The non-consolidated financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Revenue Recognition The foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Contributed Materials and Services A substantial number of volunteers contribute a significant amount of their time each year to assist the organization in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Foreign Currency Translation Foreign currency denominated assets and liabilities are translated into Canadian dollars at exchange rates prevailing at the balance sheet date for monetary items. The revenues and expenses are converted at the average exchange rates for the year. Gains or losses on translation

The Mount Forest Louise Marshall Hospital Foundation Notes to Financial Statements

31st March 2017

1. Significant Accounting Policies (continued)

Financial Instruments Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations, other than financial instruments related to endowment funds. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations, other than financial instruments related to endowment funds. Changes in fair value of financial instruments related to the endowment fund are recorded directly in net assets. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date.

2. Cash

Interest is earned using the daily bank balance per month at a variable rate depending on the balance (0% to 0.15%).

3. Investments

	2017	2016
Short term deposits	\$ 373,084	\$ 546,820
Fixed income and debentures	3,571,500	3,302,441
Common stocks and equivalents	591,542	527,018
	\$ 4,536,126	\$ 4,376,279
Aggregate fair value		
	\$ 4,447,253	\$ 4,344,759
Cost		
Included in investment income for the year is:		
Interest income	\$ 68,904	\$ 53,076
Dividend income	16,774	34,865
	\$ 85,678	\$ 87,941

The foundation holds investments denominated in US dollars. At 31st March 2017, these investments have a cost of \$400,997 (2016 - \$379,671) in Canadian dollars and a fair value of \$436,910 (2016 - \$400,564). In US dollars, they have a cost of \$301,524 (2016 - \$292,347) and a fair value of \$328,528 (2016 - \$308,435).

The Mount Forest Louise Marshall Hospital Foundation Notes to Financial Statements

31st March 2017

4. Net Assets

The following amounts have been internally allocated by The Mount Forest Louise Marshall Hospital Foundation:

	2017	2016
Donations allocated for the purchase of central sterilization equipment and Medical Device Processing renovation	\$ 180,545	\$ 144,749
Donations allocated for the purchase of radiology equipment	461,757	420,000
Donations allocated for the pre-redevelopment projects	900,000	900,000
Donations allocated for hospital redevelopment	3,083,053	2,568,675
Net assets allocated for purchase of other equipment	450,675	756,386
	5,076,030	4,789,810
Unrestricted net assets	264,806	-
	\$ 5,340,836	\$ 4,789,810

5. Other Information

The foundation has received permission from Canada Revenue Agency to accumulate \$18,700,000 until 31st March 2020 for the purpose of redeveloping the Mount Forest site of the North Wellington Health Care Corporation.

6. Disbursements to The Mount Forest Louise Marshall Hospital

The Mount Forest Louise Marshall Hospital has an economic interest in The Mount Forest Louise Marshall Hospital Foundation. The foundation was established to raise, receive, maintain, and manage funds for the use of the Hospital. The foundation operates independently of the Hospital, as such the relationship is not considered as a related party.

During the year, the foundation disbursed cash contributions to the Hospital totaling \$305,226 (2016 - \$705,348).

The Mount Forest Louise Marshall Hospital Foundation

Notes to Financial Statements

31st March 2017

7. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk arising from its accounts receivable.

There have been no significant changes from the previous year in the exposure to credit risk or policies, procedures and methods used to measure credit risk.

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. The organization is exposed to currency risk arising from its foreign currency investments (Note 3).

There have been no significant changes from the previous year in the exposure to currency risk or policies, procedures and methods used to measure currency risk.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization 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. Liquidity risk arises from accounts payable.

There have been no significant changes from the previous year in the exposure to liquidity risk or policies, procedures and methods used to measure liquidity risk.

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 organization is exposed to interest rate risk arising from its fixed income and debenture investments (Note 3).

There have been no significant changes from the previous year in the exposure to interest rate risk or policies, procedures and methods used to measure interest rate risk.

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 organization is exposed to other price risk arising from its common stock and equivalents investments (Note 3).

There have been no significant changes from the previous year in the exposure to other price risk or policies, procedures and methods used to measure other price risk.
