

**Portage District General Hospital Foundation**  
**Financial Statements**  
*March 31, 2010*

## Auditors' Report

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To the Board of Directors of Portage District General Hospital Foundation:

We have audited the statement of financial position of the Portage District General Hospital Foundation as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives revenue from donations and other sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue 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 revenues, excess of revenues over expenses, current assets and net assets.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the completion of revenues, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Portage la Prairie, Manitoba

May 26, 2010

*Meyus Norris Penny LLP*

Chartered Accountants

# Portage District General Hospital Foundation

## Statement of Financial Position

*As at March 31, 2010*

	<i>2010</i>	<i>2009</i>
<b>Assets</b>		
<b>Current</b>		
Cash	443,113	531,726
Goods and Services Tax receivable	1,434	1,763
Accrued interest receivable	88,021	90,093
Current portion of investments <i>(Note 3)</i>	244,041	253,724
	<b>776,609</b>	877,306
<b>Investments</b> <i>(Note 3)</i>	<b>6,364,266</b>	5,803,497
<b>Trust funds on deposit</b> <i>(Note 4)</i>	<b>63,040</b>	58,929
<b>Property, plant and equipment</b> <i>(Note 5)</i>	<b>185,940</b>	171,808
	<b>7,389,855</b>	6,911,540
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	97,501	750
<b>Net Assets</b>		
Invested in property, plant and equipment	185,940	171,808
Trust funds	63,040	58,929
Unrestricted	7,043,374	6,680,053
	<b>7,292,354</b>	6,910,790
	<b>7,389,855</b>	6,911,540

Approved on behalf of the Board

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Director

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Director

**Portage District General Hospital Foundation**  
**Statement of Operations**  
*For the year ended March 31, 2010*

	<i>2010</i>	<i>2009</i>
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<b>Revenues</b>		
Interest	281,959	266,186
Donations	238,639	55,672
Television rental	65,458	62,940
Vending	42,245	42,006
Rent	10,656	10,026
Gift shop	10,400	9,212
	<hr/>	<hr/>
	<b>649,357</b>	<b>446,042</b>
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<b>Expenses</b>		
Amortization	8,420	6,301
Donations	226,931	136,095
Fundraising	73,673	64,841
Gift shop	4,540	3,850
House maintenance	11,243	5,984
Professional fees	2,982	3,049
Television rental	13,611	13,457
Vending	29,456	34,116
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	<b>370,856</b>	<b>267,693</b>
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<b>Other revenues</b>		
Dividend income	8,948	8,773
Loss on disposal of investments	(7,527)	(38,984)
Other comprehensive income (loss) <i>(Note 6)</i>	97,531	(96,360)
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	<b>98,952</b>	<b>(126,571)</b>
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<b>Excess of revenues over expenses</b>	<b>377,453</b>	<b>51,778</b>
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**Portage District General Hospital Foundation**  
**Statement of Changes in Net Assets**

*For the year ended March 31, 2010*

	<i>Invested in property, plant and equipment</i>	<i>Trust funds</i>	<i>Unrestricted</i>	<i>2010</i>	<i>2009</i>
<b>Balance, beginning of year</b>	<b>171,808</b>	<b>58,929</b>	<b>6,680,053</b>	<b>6,910,790</b>	6,905,020
<b>Property, plant and equipment purchased with unrestricted funds</b>	<b>22,552</b>	-	<b>(22,552)</b>	-	-
<b>Change in accounting policy (Note 7)</b>	-	-	-	-	(49,546)
<b>Excess of revenues over expenses</b>	<b>(8,420)</b>	-	<b>385,873</b>	<b>377,453</b>	51,778
<b>Excess of revenues over expenses - trust</b>	-	<b>4,111</b>	-	<b>4,111</b>	3,538
<b>Balance, end of year</b>	<b>185,940</b>	<b>63,040</b>	<b>7,043,374</b>	<b>7,292,354</b>	6,910,790

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

**Portage District General Hospital Foundation**  
**Statement of Cash Flows**  
*For the year ended March 31, 2010*

	<i>2010</i>	<i>2009</i>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Excess of revenues over expenses	377,453	51,778
Amortization	8,420	6,301
Loss on disposal of investments	7,527	38,984
Other comprehensive income (loss)	(97,531)	96,360
	<b>295,869</b>	<b>193,423</b>
Changes in working capital accounts		
Accrued interest receivable	2,072	(7,653)
Goods and Services Tax receivable	330	(72)
Accounts payable	96,750	-
	<b>395,021</b>	<b>185,698</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(22,552)	(11,550)
Purchase of investments	(461,082)	(829,339)
	<b>(483,634)</b>	<b>(840,889)</b>
<b>Decrease in cash resources</b>	<b>(88,613)</b>	<b>(655,191)</b>
<b>Cash resources, beginning of year</b>	<b>531,726</b>	<b>1,186,917</b>
<b>Cash resources, end of year</b>	<b>443,113</b>	<b>531,726</b>

# Portage District General Hospital Foundation

## Notes to the Financial Statements

For the year ended March 31, 2010

### 1. Purpose of the organization

Portage District General Hospital Foundation is a local organization which receives and invests donations for the use of the Portage District General Hospital, Regency House and Douglas Campbell Lodge. The Portage District General Hospital Foundation is a registered charity under the Income Tax Act.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

#### **Investments**

Investments are classified as either held for trading or held to maturity. Held for trading investments are recorded at fair market value, while held to maturity investments are recorded at amortized cost. Fair values are estimated using quoted market prices.

#### **Property, plant and equipment**

Capital assets are recorded at cost. The cost for contributed capital assets is considered to be fair value at the date of contribution.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Buildings	declining balance	5 %
Equipment	declining balance	20 %
Office equipment	declining balance	10 %

#### **Revenue recognition**

Contributions are recognized as revenue in the year received if the the amount to be received can be reasonably estimated and collection is reasonably assured.

Other sources of revenue are recognized when the item or service has been received by the customer and collection is reasonably assured.

#### **Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

#### **Long-lived assets**

Long-lived assets consist of property, plant and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Foundation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's value. Any impairment is included in earnings for the year.

# Portage District General Hospital Foundation

## Notes to the Financial Statements

For the year ended March 31, 2010

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### 2. Significant accounting policies (Continued from previous page)

#### **Financial instruments**

##### **Held for trading:**

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 *Financial Instruments – Recognition and Measurement*, even if that instrument would not otherwise satisfy the definition of held for trading. The Foundation has classified the following financial assets and liabilities as held for trading: cash and investments in marketable securities. These instruments are initially recognized at their fair value, which is the same as its cost due to the current nature of the asset.

Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value including interest income are recognized immediately in operations.

##### **Loans and receivables:**

The Foundation has classified the following financial assets as loans and receivables: accounts receivable. This asset is initially recognized at its fair value, which is the same as its cost due to the current nature of the asset.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in operations upon derecognition or impairment.

##### **Held to maturity:**

The Foundation has classified the following financial assets as held to maturity: investments in local government debentures, guaranteed investment certificates and trust funds on deposit. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs directly attributable to their acquisition are included in the fair value cost of these assets, while transaction costs arising from their disposal are immediately recognized in operations. Total interest income, calculated using the effective interest rate method, is recognized in operations.

Held to maturity financial assets are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability.

##### **Other financial liabilities:**

The Foundation has classified the following financial liabilities as other financial liabilities: accounts payable. This liability is initially recognized at its fair value, which approximates its cost due to its current nature.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in operations upon derecognition or impairment.

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks from these instruments except as otherwise noted.



# Portage District General Hospital Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2010*

### 3. Investments

	2010	2009
<b>Held to Maturity:</b>		
R.M. of Portage Debentures	758,534	800,257
City of Portage la Prairie Debentures	413,421	505,000
Guaranteed Investment Certificates	4,113,207	3,544,994
Cash and cash equivalents	140,646	143,486
	5,425,808	4,993,737
<b>Held for Trading:</b>		
TD Waterhouse - Equities, bonds and cash and cash equivalents	1,182,499	1,063,484
Less: current portion	(244,041)	(253,724)
	6,364,266	5,803,497

Investments earn interest at rates of 1.40% to 7.25% and mature at various dates in the future.

### 4. Trust funds on deposit

At present, trust funds on deposit are designated for the Foundation at the time of the death of the individuals.

The Foundation is a beneficiary of the Estate of James Francis Taylor. As a beneficiary of the Estate, the Foundation received a one third interest in a charitable remainder trust. As at year-end, the amortized cost of the Foundation's one-third interest has been calculated to be \$63,040. This represents the amortized cost of the parcel(s) of land presently owned by the trust and will be sold upon the passing of the last surviving brother and sister of the late James Francis Taylor, therefore collapsing the charitable remainder trust. Upon collapse of the charitable remainder trust, the Foundation will receive one third of the proceeds from the sale of the parcel(s) of land.

### 5. Property, plant and equipment

	Cost	Accumulated amortization	2010 Net book value
Buildings	177,830	37,639	140,191
Equipment	39,102	7,677	31,425
Office equipment	33,275	18,951	14,324
	250,207	64,267	185,940

  

	Cost	Accumulated amortization	2009 Net book value
Buildings	177,830	33,734	144,096
Equipment	16,550	4,754	11,796
Office equipment	33,275	17,359	15,916
	227,655	55,847	171,808

# Portage District General Hospital Foundation

## Notes to the Financial Statements

For the year ended March 31, 2010

### 6. Other comprehensive income (loss)

Other comprehensive income (loss) is comprised of the following:

	2010	2009
<b>Held for Trading</b>		
TD Waterhouse - Equities, bonds and cash and cash equivalents - fair market value	1,182,499	1,063,484
Less: TD Waterhouse - Equities, bonds and cash and cash equivalents - cost	<b>(1,084,968)</b>	<b>(1,159,844)</b>
	<b>97,531</b>	<b>(96,360)</b>

### 7. Change in accounting policy

In January 2009, the Accounting Standards Board amended Handbook section 4430 *Capital Assets Held by Not-for-Profit Organizations*. Section 4430 now clarifies that not-for-profit organizations are no longer allowed to capitalize but not amortize their capital assets.

The Foundation has adopted this amendment for the fiscal year ended March 31, 2010. This standard has been applied retroactively with restatement of comparative financial statements. For the comparative period ending March 31, 2009 the Foundation recorded a non-cash debit of \$49,546 to opening invested in property, plant and equipment, a debit of \$6,301 to amortization expense and a credit of \$55,847 to accumulated amortization of Property Plant and Equipment. For the period ending March 31, 2010 the Foundation recorded a non-cash debit of \$8,420 to amortization expense and a credit of \$8,420 to accumulated amortization of Property Plant and Equipment.

### 8. Commitments

The Foundation entered into a commitment in the prior year to provide funding to the Portage District General Hospital Emergency Department for the renovation and expansion of the hospital's Intensive Care Unit. The Foundation has committed \$100,000 to assist with this project.

### 9. Capital disclosure

The Foundation defines its capital as the amounts included in Net Asset balances.

The Foundation's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to carry out its objectives.

The Foundation sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.