

Portage District General Hospital Foundation
Financial Statements
March 31, 2012

Management's Responsibility

To the Members of Portage District General Hospital Foundation:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

September 6, 2012

Executive Director

Director

Independent Auditors' Report

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

We have audited the accompanying financial statements of the Portage District General Hospital Foundation, which comprise the statement of financial position as at March 31, 2012, and the statements of operations, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 auditors' 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

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.

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 Portage District General Hospital Foundation as at March 31, 2012 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Portage la Prairie, Manitoba

September 6, 2012

MNP LLP
Chartered Accountants

Portage District General Hospital Foundation

Statement of Financial Position

As at March 31, 2012

	2012	2011
Assets		
Current		
Cash	582,621	376,988
Goods and Services Tax receivable	1,182	1,213
Accrued interest receivable	105,630	104,746
Current portion of investments (Note 3)	244,962	236,019
	934,395	718,966
Investments (Note 3)	7,119,694	6,974,026
Trust funds on deposit (Note 4)	69,766	66,318
Property, plant and equipment (Note 5)	75,391	229,107
	8,199,246	7,988,417
Liabilities		
Current		
Accounts payable	237,682	173,377
Net Assets		
Invested in property, plant and equipment	75,391	229,107
Trust funds	69,766	66,318
Unrestricted	7,816,407	7,519,615
	7,961,564	7,815,040
	8,199,246	7,988,417

Approved on behalf of the Board

Executive Director

Director

The accompanying notes are an integral part of these financial statements

Portage District General Hospital Foundation
Statement of Operations
For the year ended March 31, 2012

	2012	2011
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Revenues		
Interest	272,049	298,474
Donations	152,046	499,584
Vending	43,574	41,896
Television rental	40,505	36,647
Fundraising	31,637	27,674
Gift shop	18,199	12,220
Dividend income	18,031	13,846
Rent	1,219	10,971
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	577,260	941,312
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Expenses		
Amortization	17,236	17,493
Donations	360,348	317,632
Fundraising	45,073	68,696
Gift shop	6,511	4,007
House maintenance	2,527	10,306
Professional fees	5,073	3,752
Salaries and benefits	25,789	-
Television rental	6,972	10,535
Vending	34,156	34,196
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	503,685	466,617
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Excess of revenues over expenses before other items	73,575	474,695
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Other revenues		
Gain on disposal of property, plant & equipment	64,620	-
Gain on disposal of investments	1,086	5,312
Other comprehensive income	3,795	39,401
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	69,501	44,713
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Excess of revenues over expenses	143,076	519,408
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The accompanying notes are an integral part of these financial statements

Portage District General Hospital Foundation
Statement of Changes in Net Assets

For the year ended March 31, 2012

	<i>Invested in property, plant and equipment</i>	<i>Trust funds</i>	<i>Unrestricted</i>	2012	2011
Balance, beginning of year	229,107	66,318	7,519,615	7,815,040	7,292,354
Disposal of property, plant and equipment	(136,480)	-	136,480	-	-
Excess of revenues over expenses	(17,236)	-	160,312	143,076	519,408
Excess of revenues over expenses - trust	-	3,448	-	3,448	3,278
Balance, end of year	75,391	69,766	7,816,407	7,961,564	7,815,040

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, 2012

	2012	2011
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over expenses	143,076	519,408
Amortization	17,236	17,493
Gain on disposal of investments	(1,086)	(5,312)
Gain on disposal of property, plant & equipment	(64,620)	-
Other comprehensive income	(3,795)	(39,401)
	90,811	492,188
Changes in working capital accounts		
Accrued interest receivable	(884)	(16,725)
Goods and Services Tax receivable	31	221
Accounts payable	64,305	75,876
	154,263	551,560
Investing activities		
Purchase of property, plant and equipment	-	(60,660)
Proceeds on disposal of property, plant and equipment	201,100	-
Purchase of investments	(640,362)	(1,113,850)
Proceeds on disposal of investments	490,632	556,825
	51,370	(617,685)
Increase (decrease) in cash resources	205,633	(66,125)
Cash resources, beginning of year	376,988	443,113
Cash resources, end of year	582,621	376,988
Supplementary cash flow information		
Interest received	166,419	193,728

The accompanying notes are an integral part of these financial statements

Portage District General Hospital Foundation

Notes to the Financial Statements

For the year ended March 31, 2012

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 accounting standards for not-for-profit organizations and include the following significant accounting policies:

Property, plant and equipment

Property, plant and equipment are recorded at cost. The cost for contributed property, plant and equipment 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.

	Method	Rate
Buildings	declining balance	5 %
Equipment	declining balance	20 %
Office equipment	declining balance	10 %

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted 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.

Interest income is recognized as revenue when earned.

Revenue from rentals, vending and gift shop sales is recognized when the item or service has been received by the purchaser and collection is reasonably assured.

Contributed services

Contributed services are not recognized in the financial statements due to the difficulty of determining their fair value.

Measurement uncertainty (use of 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 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.

Amounts receivable are stated after evaluation as to their collectability. Amortization is based on the estimated useful lives of property, plant and equipment.

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, 2012

2. Significant accounting policies (Continued from previous page)

Financial instruments

Held for trading:

The Foundation has classified the following financial assets as held for trading: cash and investments in marketable securities. These instruments are initially recognized at their fair value, which is the same as their cost due to the current nature of the assets.

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 as other comprehensive income or loss.

Loans and receivables:

The Foundation has classified the following financial asset 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 liability 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.

Portage District General Hospital Foundation

Notes to the Financial Statements

For the year ended March 31, 2012

3. Investments

	2012	2011
Held to Maturity:		
Rural Municipality of Portage la Prairie debentures	790,105	774,408
City of Portage la Prairie debentures	503,031	617,358
Less: current portion of debentures	(244,962)	(236,019)
Guaranteed Investment Certificates	4,484,762	4,334,758
Cash and cash equivalents	217,112	153,544
	5,750,048	5,644,049
Held for Trading:		
TD Waterhouse - Equities, bonds, cash and cash equivalents	1,293,631	1,255,835
Investors Group portfolio	76,015	74,142
	7,119,694	6,974,026

Investments earn interest at rates of 1.75% to 6.38% 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 \$69,766. 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	2012 Net book value
Equipment	99,762	35,974	63,788
Office equipment	33,275	21,672	11,603
	133,037	57,646	75,391

	Cost	Accumulated amortization	2011 Net book value
Buildings	177,830	41,349	136,481
Equipment	99,762	20,027	79,735
Office equipment	33,275	20,384	12,891
	310,867	81,760	229,107

Portage District General Hospital Foundation
Notes to the Financial Statements
For the year ended March 31, 2012

6. Commitments

The Foundation has commitments for approximately \$264,000 to provide funding to the Regional Health Authority - Central Manitoba Inc. for various equipment purchases.

7. 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.