

**Portage District General Hospital Foundation**  
**Financial Statements**  
*March 31, 2013*

## Management's Responsibility

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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 is appointed by the Board 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 26, 2013

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Director

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Director

## Independent Auditors' Report

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To the Members of Portage District General Hospital Foundation:

We have audited the accompanying financial statements of Portage District General Hospital Foundation, which comprise the statement of financial position as at March 31, 2013, 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 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 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, 2013 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.

### *Comparative Information*

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Portage District General Hospital Foundation adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at March 31, 2012 and April 1, 2011, and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Portage la Prairie, Manitoba

September 26, 2013

**MNP LLP**  
Chartered Accountants

# Portage District General Hospital Foundation Statement of Financial Position

*As at March 31, 2013*

	<i>March 31 2013</i>	<i>March 31 2012</i>	<i>April 1 2011</i>
<b>Assets</b>			
<b>Current</b>			
Cash	272,675	582,621	376,988
Goods and Services Tax receivable	2,736	1,182	1,213
Accrued interest	67,098	105,630	104,746
Inventory (Note 4)	9,000	-	-
Current portion of investments (Note 6)	246,597	244,962	236,019
	<b>598,106</b>	934,395	718,966
<b>Trust funds on deposit (Note 5)</b>	<b>73,394</b>	69,766	66,318
<b>Investments (Note 6)</b>	<b>7,704,601</b>	7,119,694	6,974,026
<b>Property, plant and equipment (Note 7)</b>	<b>61,473</b>	75,391	229,107
	<b>8,437,574</b>	8,199,246	7,988,417
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable	223,225	236,341	173,377
Employee deductions payable	-	1,341	-
	<b>223,225</b>	237,682	173,377
<b>Net Assets</b>			
Invested in property, plant and equipment	61,473	75,391	229,107
Trust funds	73,394	69,766	66,318
Unrestricted	8,079,482	7,816,407	7,519,615
	<b>8,214,349</b>	7,961,564	7,815,040
	<b>8,437,574</b>	8,199,246	7,988,417

Approved on behalf of the Board

\_\_\_\_\_  
Director

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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, 2013*

	2013	2012
<b>Revenue</b>		
Interest	284,260	272,049
Donations	137,171	152,046
Vending	48,414	43,574
Gift shop	56,258	18,199
Fundraising	44,812	31,637
Television rental	36,639	40,505
Dividend income	23,694	18,031
Rent	-	1,219
	<b>631,248</b>	<b>577,260</b>
<b>Expenses</b>		
Amortization	13,918	17,236
Donations	274,041	360,348
Fundraising	28,508	45,073
Gift shop	26,287	6,511
House maintenance	-	2,527
Professional fees	5,406	5,073
Salaries and benefits	56,931	25,789
Television rental	5,722	6,972
Vending	30,374	34,156
	<b>441,187</b>	<b>503,685</b>
<b>Excess of revenue over expenses before other items</b>	<b>190,061</b>	<b>73,575</b>
<b>Other revenue (expenses)</b>		
Foreign exchange gain	189	-
Gain on disposal of investments	69,260	1,086
Gain on disposal of property, plant & equipment	-	64,620
Other comprehensive income (loss)	(10,353)	3,795
	<b>59,096</b>	<b>69,501</b>
<b>Excess of revenue over expenses</b>	<b>249,157</b>	<b>143,076</b>

*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, 2013*

	<i>Invested in property, plant and equipment</i>	<i>Trust funds</i>	<i>Unrestricted</i>	<i>2013</i>	<i>2012</i>
<b>Balance, beginning of year</b>	75,391	69,766	7,816,407	<b>7,961,564</b>	7,815,040
<b>Excess (deficiency) of revenue over expenses</b>	(13,918)	-	263,075	<b>249,157</b>	143,076
<b>Excess of revenues over expenses - trust</b>	-	3,628	-	<b>3,628</b>	3,448
<b>Balance, end of year</b>	<b>61,473</b>	<b>73,394</b>	<b>8,079,482</b>	<b>8,214,349</b>	7,961,564

*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, 2013

	2013	2012
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	249,157	143,076
Amortization	13,918	17,236
Gain on disposal of investments	(69,260)	(1,086)
Gain on disposal of property, plant & equipment	-	(64,620)
Other comprehensive (income) loss	10,353	(3,795)
	<b>204,168</b>	90,811
Changes in working capital accounts		
Accrued interest	38,532	(884)
Goods and Services Tax receivable	(1,554)	31
Inventory	(9,000)	-
Accounts payable	(14,457)	64,305
	<b>217,689</b>	154,263
<b>Investing activities</b>		
Proceeds on disposal of property, plant and equipment	-	201,100
Purchase of investments	(3,147,599)	(640,362)
Proceeds on disposal of investments	2,619,964	490,632
	<b>(527,635)</b>	51,370
<b>Increase (decrease) in cash resources</b>	<b>(309,946)</b>	205,633
<b>Cash resources, beginning of year</b>	<b>582,621</b>	376,988
<b>Cash resources, end of year</b>	<b>272,675</b>	582,621

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, 2013

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### 1. Incorporation and nature of the organization

Portage District General Hospital Foundation (the "Organization") was incorporated in 1986 under the laws of the Province of Manitoba. It is a registered charitable organization under the Income Tax Act whose purpose is to receive and invest donations for the use of the Portage District General Hospital, Regency House and Douglas Campbell Lodge.

### 2. Impact of adopting accounting standards for not-for-profit organizations

These are the Organization's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 31, 2012, and the opening ASNPO statement of financial position as at April 1, 2011 (the Organization's date of transition to ASNPO).

In preparing these financial statements, the Foundation has elected not to apply any of the transitional provisions permitted by CICA 1501 *First-time adoption by not-for-profit organizations* at the date of transition to ASNPO.

The transition to ASNPO has not affected the statement of financial position, statement of operations, statement of changes in net assets or statement of cash flows previously reported under Canadian generally accepted accounting principles (GAAP).

### 3. Significant accounting policies

The financial statements have been prepared in accordance with ASNPO as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### **Inventory**

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

#### **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.

	<b>Method</b>	<b>Rate</b>
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 when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as revenue when earned.

Revenue from fundraising is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.



# Portage District General Hospital Foundation

## Notes to the Financial Statements

For the year ended March 31, 2013

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

#### **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.

Accounts 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 excess of revenue over expenses in the periods in which they become known.

#### **Contributed services**

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

#### **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 operations for the year.

#### **Financial instruments**

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

# Portage District General Hospital Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2013*

### 4. Inventory

	2013	2012
Gift shop	7,000	-
Vending	2,000	-
	9,000	-

### 5. 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 \$73,394. 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.

### 6. Investments

	2013	2012
<b>Measured at amortized cost:</b>		
Rural Municipality of Portage la Prairie debentures	856,708	790,105
City of Portage la Prairie debentures	383,045	503,031
Guaranteed Investment Certificates	2,450,000	4,484,762
Cash and cash equivalents	26,873	217,112
	3,716,626	5,995,010
<b>Measured at fair value:</b>		
TD Waterhouse - Equities, bonds, cash and cash equivalents	-	1,293,631
Investors Group portfolio - Equities	80,961	76,015
Scotia Asset Management - Equities, bonds, cash and cash equivalents	4,153,611	-
	4,234,572	1,369,646
Less: current portion	(246,597)	(244,962)
	7,704,601	7,119,694

Investments earn interest at rates of 2.000% to 6.125% and mature at various dates in the future.

### 7. Property, plant and equipment

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Equipment	99,762	48,732	51,030	63,788
Office equipment	33,275	22,832	10,443	11,603
	133,037	71,564	61,473	75,391

# Portage District General Hospital Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2013*

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### 8. Commitments

The Foundation has commitments for approximately \$298,000 to provide funding to the Regional Health Authority - Central Manitoba Inc. for various equipment purchases.

### 9. Financial instruments

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

### 10. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.