

Woodstock Hospital Foundation

Financial Statements

December 31, 2008

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LLP
C H A R T E R E D A C C O U N T A N T S

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AUDITORS' REPORT

To the Members
Woodstock Hospital Foundation

We have audited the statement of financial position of Woodstock Hospital Foundation as at December 31, 2008 and the statements of operations and changes in fund balances 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 non-profit organizations, the Foundation derives part of its income from the general public in the form of donations and fund raising activities, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, assets and fund balances.

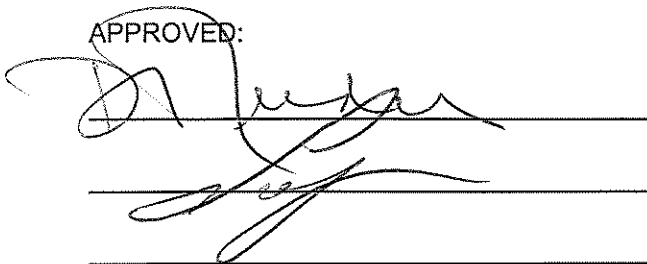
In our opinion, except for any adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Woodstock, Ontario
February 10, 2009

Symons, Wearn & Smith LLP
Chartered Accountants - Licensed Public Accountants

WOODSTOCK HOSPITAL FOUNDATION
STATEMENT OF FINANCIAL POSITION

<i>As at December 31</i>	2008	2007
ASSETS		
CURRENT		
Cash	\$ 1,474,532	\$ 4,878,005
Accounts receivable	7,335	22,153
GST receivable	2,633	3,813
Other assets [Note 3]	<u>10,018</u>	<u>15,216</u>
	1,494,518	4,919,187
INVESTMENTS [Note 4]	21,805,761	17,506,611
CAPITAL [Note 6]	<u>63,764</u>	<u>31,439</u>
	<u>\$ 23,364,043</u>	<u>\$ 22,457,237</u>
LIABILITIES AND FUND BALANCES		
CURRENT		
Due to Woodstock General Hospital Trust [Note 8]	\$ 34,128	\$ 39,090
Accounts payable and accrued liabilities - other	<u>11,236</u>	<u>5,854</u>
	<u>45,364</u>	<u>44,944</u>
FUND BALANCES		
General fund [Note 10]	4,541,380	4,492,542
Restricted fund [Note 11]	<u>18,777,299</u>	<u>17,919,751</u>
	<u>23,318,679</u>	<u>22,412,293</u>
	<u>\$ 23,364,043</u>	<u>\$ 22,457,237</u>

APPROVED:


WOODSTOCK HOSPITAL FOUNDATION

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

	General Fund		Restricted Fund		Total
	2008	2007	2008	2007	
<i>For the year ended December 31</i>					
REVENUE					
Bequests	\$ 73,168	\$ 233,779	\$ -	\$ 36,438	\$ 73,168
Contributions	82,689	112,050	1,832,708	1,425,475	1,915,397
Direct mailers	-	-	91,001	100,942	91,001
Community fundraising	105,374	105,657	137,673	143,281	243,047
Bingos and lotteries	4,026	17,311	-	-	4,026
Lifeline rentals	161,240	146,670	-	-	161,240
Investment income (loss) [Note 5]	<u>(206,019)</u>	<u>163,958</u>	<u>(824,078)</u>	<u>671,365</u>	<u>(1,030,097)</u>
	<u>220,478</u>	<u>779,425</u>	<u>1,237,304</u>	<u>2,377,501</u>	<u>1,457,782</u>
EXPENSES					
Advertising and promotion	5,896	8,145	17,687	24,434	23,583
Bingos and lotteries	1,567	6,310	-	-	1,567
Campaign	-	-	10,672	114,259	10,672
Community fundraising events	560	3,149	50,435	41,313	50,995
Direct mailers	-	-	924	8,659	924
Office	9,209	9,733	27,626	29,198	36,835
Other	3,569	5,592	10,706	16,775	14,275
Salaries and wages	44,023	42,706	132,071	128,114	176,094
Lifeline	89,668	85,404	-	-	89,668
Amortization - Lifeline	17,148	10,080	-	-	17,148
	<u>171,640</u>	<u>171,119</u>	<u>250,121</u>	<u>362,752</u>	<u>421,761</u>
Funds available for distribution	48,838	608,306	987,183	2,014,749	1,036,021
Less: contributions to Woodstock General Hospital Trust [Note 8]	-	-	(129,635)	-	(129,635)
Excess of revenue over expenses for the year	<u>48,838</u>	<u>608,306</u>	<u>857,548</u>	<u>2,014,749</u>	<u>906,386</u>
Fund balances, beginning of year	<u>4,492,542</u>	<u>3,884,236</u>	<u>17,919,751</u>	<u>15,905,002</u>	<u>22,412,293</u>
Fund balances, end of year	<u>\$ 4,541,380</u>	<u>\$ 4,492,542</u>	<u>\$ 18,777,299</u>	<u>\$ 17,919,751</u>	<u>\$ 23,318,679</u>
					<u>\$ 22,412,293</u>

WOODSTOCK HOSPITAL FOUNDATION

STATEMENT OF CASH FLOWS

<i>For the year ended December 31</i>	2008	2007
OPERATING ACTIVITIES		
Cash from operations:		
Excess of revenue over expenses for the year	\$ 906,386	\$ 2,623,055
Depreciation	17,148	10,080
Realized and unrealized gain (loss) on investments	<u>(1,463,427)</u>	<u>123,006</u>
	(539,893)	2,756,141
Decrease in accounts receivable	14,818	55,178
Decrease in other assets	5,198	614
Increase (Decrease) in due to Woodstock General Hospital Trust	(4,962)	(20,944)
Increase (Decrease) in accounts payable and accrued liabilities - other	5,382	(5,582)
(Increase) Decrease in GST receivable	<u>1,180</u>	<u>(591)</u>
	<u>(518,277)</u>	<u>2,784,816</u>
INVESTING ACTIVITIES		
Additions to capital assets	(49,473)	(8,788)
Increase in investments	<u>(2,835,723)</u>	<u>(912,799)</u>
	<u>(2,885,196)</u>	<u>(921,587)</u>
(DECREASE) INCREASE IN CASH	(3,403,473)	1,863,229
CASH - BEGINNING OF YEAR	<u>4,878,005</u>	<u>3,014,776</u>
CASH - END OF YEAR	<u>\$ 1,474,532</u>	<u>\$ 4,878,005</u>

WOODSTOCK HOSPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

1. PURPOSE OF ORGANIZATION

The Woodstock Hospital Foundation (the "Foundation") is incorporated under the laws of Ontario as a corporation without share capital. The Foundation receives, accumulates and distributes funds and the income therefrom for the benefit of the Woodstock General Hospital Trust.

The Foundation is a public foundation registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. To maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Foundation have been prepared in accordance with Canadian generally accepted principles and include certain estimates based on management's judgements. These estimates affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results may differ from those estimates. In the opinion of management, the financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting principles summarized below:

Fund Accounting:

To ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of "fund accounting". Resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors. Transfers between the Funds are made when it is considered appropriate and authorized by the Board of Directors. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers may be necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded as a component of changes in fund balances.

For financial reporting purposes, the accounts have been classified into the following funds:

General Fund:

The General Fund accounts for the Foundation's general fundraising, receiving of grants and administrative activities. The General Fund reports unrestricted resources available for immediate purposes.

Restricted Fund:

The Restricted Fund consists of funds that have been externally restricted by donors. The purpose of the Restricted Fund is to distribute, as specified, donor requested contributions and to fund costs associated with the fundraising events that generate any donor restricted contributions. The costs include fundraising costs, salaries and any related office expenses.

WOODSTOCK HOSPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition:

- i) Donor restricted contributions are recognized as revenue of the restricted fund.
- ii) Interest and dividend income, and operating expenses are recorded as earned or incurred. Investment income is allocated to the various funds on a pro-rata basis, unless directed otherwise.
- iii) Unrestricted contributions are recognized as revenue of the General Fund. Contributions are recognized in revenue when received or receivable.
- iv) Life insurance policies that have named the Foundation as owner/beneficiary are recorded at the cash surrender value of the policy. The increase in cash surrender value from year to year is recorded as a donation to the General Fund.
- v) Pledges are recorded on a cash basis as they are not legally enforceable claims.

Investments:

The Foundation has elected to classify the investments as held-for-trading. The investments are presented at their fair values using quoted market prices as at December 31, 2008. Interest, dividends, realized and unrealized gains are recorded as investment income and included in net income for the year.

Capital Assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line method at the following annual rates.

Lifeline equipment	7	years
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Financial Instruments:

The Foundation's financial instruments are comprised of cash, accounts receivable, investments, amount payable to Woodstock General Hospital and other accrued liabilities.

Cash, accounts receivable, amount payable to Woodstock General Hospital and other accrued liabilities are reported at their fair values on the balance sheet. The fair values are the same as the carrying values because of their short-term nature.

Investments are presented at their fair market value as disclosed in the "Investments" paragraph above.

The Foundation is subject to market, currency and interest rate risk with respect to its investments.

WOODSTOCK HOSPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

3. OTHER ASSETS

	<u>2008</u>	<u>2007</u>
Cash surrender value of Manulife Financial life insurance policy	\$ 1,060	\$ 2,138
Artwork and collectibles held in inventory	<u>8,958</u>	<u>13,078</u>
	<u>\$ 10,018</u>	<u>\$ 15,216</u>

The existing life insurance policies at December 31, 2008 have a value upon the death of the insured of approximately \$66,000 (2007 - \$67,000).

4. INVESTMENTS

	<u>2008</u>	<u>2007</u>
Cash	\$ 96,517	\$ 334,852
Bonds	15,102,059	7,589,663
Mutual funds - bonds	-	1,820,430
Mutual funds - equities	5,746,595	6,678,742
Equities	<u>860,590</u>	<u>1,082,924</u>
	<u>\$ 21,805,761</u>	<u>\$ 17,506,611</u>

The bonds bear interest at rates varying between 3.35% and 4.96% per annum.

5. INVESTMENT INCOME (LOSS)

	<u>2008</u>	<u>2007</u>
Interest	\$ 378,696	\$ 496,458
Dividends	54,634	215,859
Realized and unrealized investment gains (losses), net of investment management fees	<u>(1,463,427)</u>	<u>123,006</u>
	<u>\$ (1,030,097)</u>	<u>\$ 835,323</u>

6. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2008 Net</u>	<u>2007 Net</u>
Lifeline equipment	\$ 349,132	\$ 285,368	\$ 63,764	\$ 31,439

7. DUE TO WOODSTOCK GENERAL HOSPITAL TRUST

This amount represents expenses paid by the Woodstock General Hospital Trust on behalf of the Foundation and not yet repaid by the Foundation at year-end.

WOODSTOCK HOSPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

8. CONTRIBUTIONS TO WOODSTOCK GENERAL HOSPITAL TRUST

During the year the Foundation transferred funds to the Woodstock General Hospital Trust according to restrictions provided by the donors. Amount contributed to the Woodstock General Hospital Trust included funds to purchase a digital mammography unit.

9. ACCUMULATION OF FUNDS

The Foundation has received permission from the Canada Revenue Agency to accumulate \$25,000,000 until December 31, 2011 for the purpose of financing the construction of a hospital and acquisition of equipment.

10. GENERAL FUND

The Foundation's general fund consists of \$63,764 (2007 - \$31,439) invested in capital assets. During the year, the Foundation invested \$49,473 (2007 - \$8,788) in capital assets and recorded depreciation expense of \$17,148 (2007 - \$10,080).

11. RESTRICTED FUND

The Restricted Fund represents donations wherein the donor has made specific directions on the use of those funds. Balances at December 31 are as follows:

	<u>2008</u>	<u>2007</u>
Externally restricted for the new hospital	\$ 11,777,535	\$ 9,992,940
Externally restricted - other	<u>6,999,764</u>	<u>7,926,811</u>
	<u>\$ 18,777,299</u>	<u>\$ 17,919,751</u>

In December 2007, the Foundation passed a motion to commit \$25 million in support of the Woodstock General Hospital Trust's local share funding requirement for its new hospital redevelopment project. As part of this overall \$25 million commitment, the Foundation has approved the use of funds reported above as "Externally Restricted - Other", to the extent required and permitted by virtue of the external restrictions thereon, for the new hospital project. As at December 31, 2008 these amounts available to support the Foundation's commitment to the new hospital project represented approximately \$6.95 million (2007 - \$7.88 million).

12. PLEDGES RECEIVABLE

At December 31, 2008, the Foundation has received pledges from several donors totalling approximately \$3,375,000 (2007 - \$3,290,000). These pledges have not been recorded in the accompanying financial statements as outlined in note 2.