

**DEVON GENERAL  
HOSPITAL FOUNDATION  
DEVON, ALBERTA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2011**

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### INDEPENDENT AUDITORS' REPORT

To the Board of  
Devon General Hospital Foundation:

We have audited the statement of financial position of Devon General Hospital Foundation (the "Foundation") as at March 31, 2011 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.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Devon General Hospital Foundation as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



HAWKINGS EPP DUMONT LLP  
Chartered Accountants

Edmonton, Alberta  
June 21, 2011

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**MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL REPORTING**

The management of Devon General Hospital Foundation prepared these financial statements and is responsible for their reliability, completeness and integrity. They conform in all material respects to Canadian generally accepted accounting principles for not-for-profit organizations.

Management maintains the necessary accounting and internal control systems designed to ensure the timely production of reliable and accurate financial information, the protection of assets (to a reasonable extent) against loss or unauthorized use, and the promotion of operational efficiency. The Board maintains responsibility for the financial reporting and internal control systems.

The external auditors, appointed by the Foundation's Board, conducted an audit of these financial statements in accordance with Canadian generally accepted auditing standards. Management has reviewed these financial statements with the external auditors in detail before recommending their approval to the Board.

Devon, Alberta  
June 21, 2011

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Barbara Wallace, Board Chair

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Gorden H. Fries, Treasurer

DEVON GENERAL HOSPITAL FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 29,929	\$ 24,186
Short-term investments (Note 4)	92,389	88,888
Accounts receivable (Note 5)	3,739	9,972
Prepaid expenses and deposits	<u>5,051</u>	<u>1,213</u>
	131,108	124,259
Long-Term Investments (Note 6)	132,006	176,119
Equipment (Note 7)	710	1,015
Restricted Cash and Short-Term Investment (Note 8)	<u>7</u>	<u>7</u>
	<u>\$ 263,831</u>	<u>\$ 301,400</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,752	\$ 4,073
Deferred revenue	<u>2,100</u>	<u>-</u>
Deferred Casino Revenue (Note 9)	<u>7</u>	<u>7</u>
Net Assets		
Unrestricted	258,148	298,675
Accumulated other comprehensive income	<u>(176)</u>	<u>(1,355)</u>
	<u>257,972</u>	<u>297,320</u>
	<u>\$ 263,831</u>	<u>\$ 301,400</u>

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_ Board Chair

\_\_\_\_\_ Treasurer

**DEVON GENERAL HOSPITAL FOUNDATION**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31, 2011**

	<u>2011</u>	<u>2010</u>
Revenue		
Donations	\$ 28,532	\$ 25,202
Gift shop and rentals	19,216	6,311
Grants (Note 10)	13,369	21,037
Other programs	12,117	25,429
Investment income	6,546	7,072
Casino (Note 9)	<u>-</u>	<u>18,638</u>
	<u>79,780</u>	<u>103,689</u>
Expenses		
Donations (Note 11)	91,421	89,877
Gift shop	11,530	2,971
Other program expenses	7,340	11,526
Professional fees	3,383	3,639
Advertising and promotion	2,457	1,434
Meetings and conventions	2,238	2,822
Stationery and postage	1,094	1,382
Bank charges and interest	539	459
Amortization	<u>305</u>	<u>435</u>
	<u>120,307</u>	<u>114,544</u>
Excess (Deficiency) of Revenue over Expenses	(40,527)	(10,855)
Other Comprehensive Income		
Increase (decrease) in unrealized gains on available-for-sale marketable securities	<u>1,179</u>	<u>1,008</u>
Comprehensive Income (Loss)	<u>\$ (39,348)</u>	<u>\$ (9,847)</u>

**DEVON GENERAL HOSPITAL FOUNDATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2011**

	<u>2011</u>	<u>2010</u>
Balance, Beginning of Year	\$ 298,675	\$ 309,530
Excess (Deficiency) of Revenue over Expenses	<u>(40,527)</u>	<u>(10,855)</u>
Balance, End of Year	<u>\$ 258,148</u>	<u>\$ 298,675</u>

**STATEMENT OF ACCUMULATED OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED MARCH 31, 2011**

	<u>2011</u>	<u>2010</u>
Balance, Beginning of Year	\$ (1,355)	\$ (2,363)
Other Comprehensive Income (Loss)	<u>1,179</u>	<u>1,008</u>
Balance, End of Year	<u>\$ (176)</u>	<u>\$ (1,355)</u>

**DEVON GENERAL HOSPITAL FOUNDATION**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED MARCH 31, 2011**

	<u>2011</u>	<u>2010</u>
Operating Activities		
Cash from operations		
Excess (Deficiency) of revenue over expenses	\$ (40,527)	\$ (10,855)
Amortization	305	435
Change in non-cash working capital balances related to operations:		
Accounts receivable	6,232	(347)
Prepaid expenses and deposits	(3,837)	(150)
Accounts payable and accrued liabilities	(328)	(2,069)
Deferred revenue	<u>2,100</u>	<u>-</u>
	<u>(36,055)</u>	<u>(12,986)</u>
Investing Activities		
Net decrease (increase) in long-term investments	44,114	25,269
Net decrease (increase) in short-term investments	<u>(2,316)</u>	<u>(82,508)</u>
	<u>41,798</u>	<u>(57,239)</u>
Financing Activities		
Withdrawals from (deposits into) restricted cash and short-term investments	-	18,632
Net increase (decrease) in deferred casino revenue	<u>-</u>	<u>(18,632)</u>
	<u>-</u>	<u>-</u>
Change in Cash During the Year	5,743	(70,225)
Cash, Beginning of Year	<u>24,186</u>	<u>94,411</u>
Cash, End of Year	<u>\$ 29,929</u>	<u>\$ 24,186</u>
Included in Cash Flows from Operations are the Following:		
Interest received during the year	<u>\$ 6,994</u>	<u>\$ 5,925</u>

**DEVON GENERAL HOSPITAL FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2011**

**1. NATURE OF OPERATIONS**

The Foundation was established and regulated under the *Hospital's Act* on April 1, 1994, as amended and continued under the Regional Health Authorities Foundation Regulation (Alberta Regulation 28/2007). The Foundation solicits, receives, and administers donations from individuals, corporations, and other organizations and groups. Donated funds are used to maintain and enhance hospital care and to further health care education for the people of the community serviced by the Devon General Hospital site of Alberta Health Services.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Short-Term Investments

Short-term investments, if any, are classified as held-to-maturity and recorded at amortized cost.

Shares are classified as available for sale and are recorded at the market value.

(b) Revenue Recognition

The financial statements have been prepared in accordance with the deferral method of accounting for contributions. Unrestricted contributions are recorded as revenue in the period in which they are received or receivable.

Dividend income is recognized when received. Interest income is accrued based on the number of days the investment is held during the period.

The Foundation recognizes revenue for the sale of products or services when goods and services are delivered to customers.

(c) Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over their estimated useful lives at the following annual rates and methods:

Computer equipment	30%	declining balance
Software	100%	declining balance

(d) Contributed Goods and Services

Contributed goods and services represent goods and services which the Foundation would normally purchase. Contributed goods are recorded at their fair value. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(CONT'D)

**DEVON GENERAL HOSPITAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**MARCH 31, 2011**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(e) Financial Instruments - Recognition and Measurement

Financial assets must be classified as either held for trading ("HFT"), held to maturity ("HTM"), available for sale ("AFS") or loans and receivables. Financial liabilities are classified as held for trading or other. Initially, all financial assets and financial liabilities must be recorded on the statement of financial position at fair value with subsequent measurement determined by the classification of each financial asset and liability.

HFT financial assets and financial liabilities are measured at fair value with the changes in fair value reported in the statement of operations. Financial assets HTM, loans and receivables and financial liabilities other than those HFT are measured at amortized cost. AFS financial assets are measured at fair value with change in fair value reported in the statement of changes in net assets until realized through sale or other than temporary impairment.

Cash and short-term investments have been classified as HFT. Receivables have been classified as loans and receivables. Payables and accruals and long term liabilities have been classified as other financial liabilities.

**3. FUTURE ACCOUNTING CHANGES**

The Canadian Institute of Chartered Accountants (CICA) has released new accounting standards for not-for-profit organizations that are expected to be relevant to the Foundation's financial statements for the fiscal year commencing April 1, 2012.

Section 1501, "*First Time Adoption by Not-For-Profit Organizations*", establishes standards for preparing transition financial statements and first time adoption considerations.

The impact of adopting these new standards has not yet been assessed and cannot be reasonably estimated at this time.

**4. SHORT-TERM INVESTMENTS**

	<u>2011</u>	<u>2010</u>
Guaranteed Investment Certificates	\$ 84,500	\$ 82,500
Marketable securities	<u>7,889</u>	<u>6,388</u>
	<u>\$ 92,389</u>	<u>\$ 88,888</u>

**DEVON GENERAL HOSPITAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**MARCH 31, 2011**

**5. ACCOUNTS RECEIVABLE**

	<u>2011</u>	<u>2010</u>
Accrued interest	\$ 3,093	\$ 3,541
Goods and Services Tax rebate	496	840
Trade	<u>150</u>	<u>5,591</u>
	<u>\$ 3,739</u>	<u>\$ 9,972</u>

**6. LONG-TERM INVESTMENTS**

	<u>2011</u>	<u>2010</u>
Term deposits	\$ 126,937	\$ 171,267
Servus Credit Union common shares	<u>5,069</u>	<u>4,852</u>
	<u>\$ 132,006</u>	<u>\$ 176,119</u>

**7. EQUIPMENT**

	<u>Cost</u>	<u>2011 Accumulated Amortization</u>	<u>Net Book Value</u>	<u>2010 Net Book Value</u>
Computer equipment	\$ 2,958	\$ 2,248	\$ 710	\$ 1,015
Software	<u>639</u>	<u>639</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,597</u>	<u>\$ 2,887</u>	<u>\$ 710</u>	<u>\$ 1,015</u>

**8. RESTRICTED CASH AND SHORT-TERM INVESTMENTS**

	<u>2011</u>	<u>2010</u>
Cash	<u>\$ 7</u>	<u>\$ 7</u>

**DEVON GENERAL HOSPITAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**MARCH 31, 2011**

**9. DEFERRED CASINO REVENUE**

Pursuant to the requirements set out by the Alberta Gaming Commission, funds raised through casinos and not yet expensed have been designated as being held for future years' expenses of the following type:

- (a) Building, capital, repairs, operations;
- (b) Equipment purchase and repairs;
- (c) Special program support and development; and
- (d) Travel - in province.

Details of deferred revenue are as follows:

	<u>2011</u>	<u>2010</u>
Proceeds		
Casino proceeds	\$ -	\$ 7
Expenses		
Designated purchases	<u>-</u>	<u>18,638</u>
Net casino revenue (deficit)	-	(18,631)
Add: Opening deferred balance	<u>7</u>	<u>18,638</u>
Deferred casino revenue	<u>\$ 7</u>	<u>\$ 7</u>

**10. GRANT**

	<u>2011</u>	<u>2010</u>
Government of Alberta - Community Spirit Program	<u>\$ 13,369</u>	<u>\$ 21,037</u>

Grant proceeds were used for maintenance of courtyard and patio areas, bursary payments to two individuals, enhanced marketing materials and payment of professional audit fees.

**DEVON GENERAL HOSPITAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**MARCH 31, 2011**

**11. DONATION EXPENSE**

Donations during the year consisted of:

	<u>2011</u>	<u>2010</u>
COMMUNITY CARE/PUBLIC HEALTH		
Bidop V3 Doppler Detector	\$ 3,131	\$ -
Utility Cart	129	-
EMERGENCY DEPARTMENT/DOCTORS		
Portable ultrasound unit training	-	63,619
Digital pediatric scale	304	-
HDTV and Bracket	494	-
Special Appreciation	2,016	-
FACILITIES		
Gift shop kiosk	-	8,123
Courtyard maintenance	2,842	2,156
Christmas decorations	-	550
Miscellaneous	-	220
Small fridge	-	210
Concrete table and bench	2,000	-
Clean up front area	4,613	-
Barbecue	480	-
LONG TERM CARE		
Wall murals and decorations	-	3,998
Shower commodes	-	3,580
Items for dining room	988	1,214
Christmas function	1,017	1,133
Other lunches and entertainment	-	878
Bus rentals etc. for field trips	-	325
Zonaire beds and ROHO mattresses - 5	61,950	-
Broda Chair	1,950	-
Christmas Dinner	1,240	-
Wound Surface Mattress	1,541	-
Miscellaneous	206	-
Bariatric Walker 2 Wheel	350	-
Bariatric Walker 4 Wheel	600	-
PALLIATIVE/ACUTE CARE		
Food services	1,215	417
Care notes	-	249
Memory tree expense	-	205
OTHER		
Bursaries	3,000	3,000
Adjustable table and foot plate for exercise bike	<u>1,355</u>	<u>-</u>
	<u>\$ 91,421</u>	<u>\$ 89,877</u>

**12. COMMITMENTS**

The Foundation has planned the following expenditures as the major projects for 2012:

- three beds and mattresses \$18,000
- HDTV, DVD player and wall bracket \$2,500

**DEVON GENERAL HOSPITAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**MARCH 31, 2011**

**13. CAPITAL**

The Foundation's main objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to enhance hospital care and further health care education.

The Foundation sets the amount of capital in proportion to risk. The Foundation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Foundation may adjust the timing of expenditures, or sell assets to reduce debt and meet obligations as they come due.

**14. COMPARATIVE FIGURES**

The comparative figures have been reclassified to conform to the current year financial statement presentation.