

**TWIN OAKS/BIRCHES HEALTH CARE
CHARITABLE FOUNDATION**

Financial Statements

Year Ended December 31, 2010

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

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Year Ended December 31, 2010

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Hunter Tellier Belgrave Adamson

CHARTERED ACCOUNTANTS

A Member Firm of The AC Group of Independent Accounting Firms Limited

INDEPENDENT AUDITOR'S REPORT

To the Directors of Twin Oaks/Birches Health Care Charitable Foundation

We have audited the accompanying financial statements of Twin Oaks/Birches Health Care Charitable Foundation, which comprise the statement of financial position as at December 31, 2010, and the statements of revenues and expenditures, changes in net assets and cash flow 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 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.

Auditor's 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 auditor's 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.

(continues)

Independent Auditor's Report to the Directors of Twin Oaks/Birches Health Care Charitable Foundation (continued)

Basis for Qualified Opinion

In common with many charitable organizations, the company derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the company and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Dartmouth, Nova Scotia
May 4, 2011

AC Hunter Tellier Belgrave Adamson
AC HUNTER TELLIER BELGRAVE ADAMSON
CHARTERED ACCOUNTANTS

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION**Statement of Revenues and Expenditures****Year Ended December 31, 2010**

	2010	2009
REVENUE		
Fundraising events	\$ 87,251	\$ 72,217
Investment income <i>(Note 5)</i>	11,599	15,987
Donations and bequests	5,271	5,579
	104,121	93,783
EXPENSES		
Fundraising costs	10,306	8,684
Conference fees	4,339	-
Advertising and promotion	3,498	4,512
Professional fees	3,245	2,584
Office	2,013	2,236
Insurance	1,600	1,640
Interest and bank charges	1,273	1,152
Interest on long term debt	123	500
Miscellaneous	113	-
	26,510	21,308
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	77,611	72,475
OTHER INCOME		
Unrealized gains (losses) on marketable securities	16,400	9,857
Grants to Community Organizations <i>(Schedule 1)</i>	(41,891)	(26,284)
	(25,491)	(16,427)
EXCESS OF REVENUE OVER EXPENSES	\$ 52,120	\$ 56,048

See notes to financial statements
AC Hunter Tellier Belgrave Adamson
Chartered Accountants

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION**Statement of Changes in Net Assets****Year Ended December 31, 2010**

	General Fund	Restricted Fund	2010	2009
NET ASSETS - BEGINNING OF YEAR	\$ 550,938	\$ 10,398	\$ 561,336	\$ 506,418
Excess of revenue over expenses from operations	77,611	-	77,611	72,475
Unrealized gains (losses) on marketable securities	16,400	-	16,400	9,857
Grants to community organizations	(41,891)	-	(41,891)	(26,284)
Change in restricted net assets <i>(Note 9)</i>	-	(3,368)	(3,368)	(1,130)
NET ASSETS - END OF YEAR	\$ 603,058	\$ 7,030	\$ 610,088	\$ 561,336

See notes to financial statements
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TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

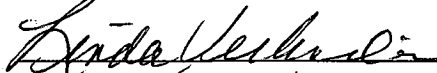
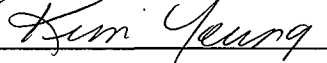
Statement of Financial Position

December 31, 2010

	2010	2009
ASSETS		
CURRENT		
Cash	\$ 34,363	\$ 93,155
Term deposits (Note 4)	48,188	168,106
Accounts receivable	1,987	2,240
Marketable securities	529,649	323,374
	\$ 614,187	\$ 586,875
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 4,099	\$ 14,587
Current portion of long term debt (Note 7)	-	10,452
Deferred income	-	500
	4,099	25,539
NET ASSETS		
General fund	603,058	550,938
Restricted fund	7,030	10,398
	610,088	561,336
	\$ 614,187	\$ 586,875

COMMITMENTS (Note 9)

ON BEHALF OF THE BOARD

 Director
 Director

See notes to financial statements
AC Hunter Tellier Belgrave Adamson
Chartered Accountants

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION**Statement of Cash Flow****Year Ended December 31, 2010**

	2010	2009
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 52,120	\$ 56,048
Item not affecting cash:		
Net contributions (disbursements) from restricted assets	(3,368)	(1,130)
	48,752	54,918
Changes in non-cash working capital:		
Accounts receivable	253	(660)
Accounts payable	(10,488)	12,010
Deferred income	(500)	500
	(10,735)	11,850
Cash flow from operating activities	38,017	66,768
INVESTING ACTIVITY		
Marketable securities	(206,275)	(21,019)
FINANCING ACTIVITY		
Repayment of long term debt	(10,452)	(12,624)
INCREASE (DECREASE) IN CASH FLOW	(178,710)	33,125
Cash - beginning of year	261,261	228,136
CASH - END OF YEAR	\$ 82,551	\$ 261,261
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest paid	\$ 1,396	\$ 1,652

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2010

1. DESCRIPTION OF OPERATIONS

Twin Oaks/Birches Health Care Charitable Foundation was incorporated under the Societies Act of Nova Scotia on November 3, 1999. The purpose of the Foundation is to raise funds and provide support to the Twin Oaks Memorial Hospital, the Twin Oaks Senior Citizens Association and other community based worthy causes in Musquodoboit Harbour, Nova Scotia.

The organization is a non-profit organization under paragraph 149(1)(l) of the Income Tax Act and, as such, is not subject to federal or provincial income taxes.

Any accumulated net assets are to be used in promoting the organization's objectives and at no time will any dividends be paid.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Investment income includes dividends and interest income, and realized and unrealized gains and losses. Unrealized gains and losses on held-for-trading financial assets are recognized as revenue in the statement of operations, deferred, or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

Non-monetary contributions for the purpose of resale at auction are not recognized as revenue when assets are received. Since the fair value of the assets cannot be reasonably estimated at the time of donation, the value in which the item is sold at auction is considered to be a more appropriate measure of fair value. Therefore, revenue is recognized in the year in which the items are sold and funds are collected or become collectable.

Contributed services

Volunteers may contribute their time to the Foundation each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Cash

Cash includes cash less outstanding cheques plus outstanding deposits.

Fundraising costs

The Foundation expenses fundraising costs in the year in which they are incurred.

Marketable securities

Marketable securities are carried at fair market value and consist of investments in balanced and fixed income mutual funds.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Term deposits

Term deposits consist of guaranteed investment certificates maturing within one year of year end and are carried at cost plus accrued interest, which approximates fair market value.

Capital assets

In common with many non-profit organizations with average annual revenues in the current and prior year of less than \$500,000, expenditures for capital assets are expensed as incurred rather than capitalized and amortized over their useful lives.

HST recovery

As a registered charity, the Foundation is entitled to a rebate of 50% of the HST paid on eligible expenses. The practice of the Foundation is to record expenditures net of refundable HST.

Accounting estimates

When preparing financial statements according to Generally Accepted Accounting Principles, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

We base our estimates on a number of factors, including historical experience, current events and actions that the foundation may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

3. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, accounts receivable, term deposits, investments, accounts payable and accrued liabilities and long term debt. They are classified and accounted for in accordance with CICA Handbook Section 3855 - Financial Instruments: Recognition and Measurement as "financial instruments held for trading" and "held-to-maturity investments" as follows:

Equity investments, mutual funds and term deposits which are held-for-trading are carried at fair value.

Long-term debt is recorded at its amortized cost using the effective interest method.

Due to their short-term nature, all other financial instruments are considered to be carried at amounts which approximate their fair value.

Consistent with similar not-for-profit organizations, Twin Oaks/Birches Health Care Charitable Foundation's risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. Management has not entered into hedging transactions to manage risk. As a part of the overall management of the entity's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the Foundation's exposure.

Substantially all of the Company's bank accounts and bank indebtedness are with one financial institution.

Fair Value

The foundation's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

When available, fair value of marketable securities is determined by reference to bid price at the end of the year in an active market. When the bid price is not available, or the market for a financial instrument is not active, fair value has been determined by reference to published price quotations and to the fair value of other financial instruments which bear similar risks and returns. The Foundation minimizes risk through its investment in guaranteed investment certificates.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the foundation for debt with similar terms.

The Foundation does not enter into hedging activities and does not engage in derivative transactions.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the foundation manages exposure through its normal operating and financing activities. The foundation is exposed to interest rate risk primarily through its floating interest rate bank loan.

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2010

4. TERM DEPOSITS

	2010	2009
Guaranteed Investment Certificate, non-redeemable, bears interest at a rate of 2.60% and matures January 2, 2010	\$ -	\$ 69,050
Guaranteed Investment Certificate, non-redeemable, bears interest at a rate of 3.00% and matures March 22, 2010	-	52,376
Guaranteed Investment Certificate, non-redeemable, bears interest at a rate of 3.25% and matures October 17, 2011	48,188	46,681
Guaranteed Investment Certificate, non-redeemable, bears interest at a rate of 4.25% and matures November 4, 2010	-	10,561
Subtotal	48,188	178,668
Less amounts maturing within one year	(48,188)	(131,987)
Long term portion of guaranteed investment certificates	\$ -	\$ 46,681

Term deposits are recorded at original cost plus accrued interest, which approximates fair market value.

5. INVESTMENT INCOME

	2010
Interest earned	\$ 7,205
Dividend Income	5,119
Gain/Loss on Investments	(725)
	\$ 11,599

6. MARKETABLE SECURITIES

	2010	2009
Investors Group Mutual Funds	\$ -	\$ 312,813
Investors Group Investments	529,649	10,561
	\$ 529,649	\$ 323,374

Marketable securities are recorded at fair market value.

7. LONG TERM DEBT

	2010	2009
Royal Bank of Canada loan bearing interest RBC prime + 0.25% per annum, repayable in monthly payments of \$1,052 plus interest. The loan matures on October 1, 2010 and is secured by guaranteed investment certificates with a fair market value of \$99,113.	\$ -	\$ 10,452
Amount payable within one year	-	(10,452)
	\$ -	\$ -

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2010

8. RELATED PARTY TRANSACTIONS

The following is a summary of the foundation's related party transactions:

	2010	2009
Investors Group Financial Services <i>(Investment advisor serves as a member to the Foundation's Board of Directors)</i>		
Total investments held	\$ 529,649	\$ 320,080
	\$ 529,649	\$ 320,080

During the current fiscal year, the Foundation transferred a total of \$181,233 in marketable securities to an investment account managed by a member of the Board of Directors.

9. COMMITMENTS

During the fiscal year, the Foundation committed \$34,629 in combined funds to two organizations, the Twin Oaks Senior Citizens Association (Birches) and Twin Oaks Memorial Hospital (Hospital) based on the operating results of the 2010 fiscal year. The Foundation also approves a portion of the allotted funds to bursaries. The funds are disbursed in the manner in which the Foundation receives instruction from the before mentioned parties on the type, purpose and amount of required expenditures. These items are acquired on the parties' behalf.

A total of \$41,891 was disbursed in the current year in which \$6,502 and \$34,389 were disbursed to the Birches and the Hospital respectively. Included in these disbursements were amounts raised and disbursed in the current fiscal for specific purposes, which amounted to \$6,363. These amounts have been included in the 2010 disbursement quota.

A bursary for the amount of \$1,000 was also presented to a high school graduate during the year.

10. RESTRICTED NET ASSETS

	2010	2009
Palliative Care	\$ 2,807	\$ 2,607
Library	1,500	1,000
Nursing	1,465	1,365
Diabetic Clinic	911	911
Homecare	297	297
Hospital	50	4,218
	\$ 7,030	\$ 10,397

These funds are restricted by the donors to be used in the areas indicated. Total restricted contributions during the year were \$850. Total expenditures from restricted funds during the year were \$4,217.

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION**Grants to Community Organizations***(Schedule 1)***Year Ended December 31, 2010**

	2010	2009
Twin Oaks Memorial Hospital		
Furniture	\$ 27,051	\$ 2,454
Supplies	4,007	90
Medical equipment	3,331	6,393
Library contributions	-	172
Diabetic clinic	-	1,174
	34,389	10,283
Twin Oaks Senior Citizens Association		
Warming cabinet	6,038	-
Furniture	464	2,297
Sensory items	-	2,686
Roho mattress	-	3,000
Heat therapy unit hydrocollator	-	1,867
Fireplace insert and wiring	-	1,179
Supplies	-	27
Exercise bike	-	3,945
	6,502	15,001
Bursary		
Bursary	1,000	1,000
TOTAL GRANTS TO COMMUNITY ORGANIZATIONS	\$ 41,891	\$ 26,284