

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Financial Statements

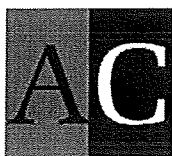
Year Ended December 31, 2018

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

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Year Ended December 31, 2018

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Member of The AC Group of Independent Accounting Firms

INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of Twin Oaks/Birches Health Care Charitable Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2018, current assets and net assets as at December 31, 2018. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AC Hunter Tellier Belgrave Adamson

Dartmouth, Nova Scotia
March 15, 2019

AC HUNTER TELLIER BELGRAVE ADAMSON
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Statement of Revenues and Expenditures

Year Ended December 31, 2018

	2018	%	2017	%
REVENUE				
Investment income <i>(Note 4)</i>	\$ 61,867	69.09	\$ 18,178	23.28
Fundraising events	14,150	15.80	14,986	19.19
Donations and bequests	13,526	15.11	44,932	57.53
	89,543	100.00	78,096	100.00
EXPENSES				
Professional fees	6,053	6.76	5,053	6.47
Insurance	2,148	2.40	2,087	2.67
Interest and bank charges	995	1.11	880	1.13
Office	666	0.74	868	1.11
Advertising and promotion	663	0.74	672	0.86
Fundraising costs	14	0.02	18	0.02
	10,539	11.77	9,578	12.26
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	79,004	88.23	68,518	87.74
OTHER INCOME (EXPENSES)				
Unrealized gains (losses) on marketable securities	(112,134)	(125.23)	26,862	34.40
Grants to Community Organizations <i>(Schedule 1)</i>	(67,054)	(74.88)	(29,867)	(38.24)
	(179,188)	(200.11)	(3,005)	(3.84)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (100,184)	(111.88)	\$ 65,513	83.90

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Statement of Changes in Net Assets

Year Ended December 31, 2018

	General Fund	Restricted Fund	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 939,507	\$ 3,473	\$ 942,980	\$ 877,467
Excess of revenue over expenses from operations	79,004	-	79,004	68,518
Unrealized gains (losses) on marketable securities	(112,134)	-	(112,134)	26,862
Grants to community organizations	(67,054)	-	(67,054)	(29,867)
Change in restricted net assets	-	(3,473)	(3,473)	933
NET ASSETS - END OF YEAR	\$ 839,323	\$ -	\$ 839,323	\$ 942,980

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Statement of Financial Position

December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 3,381	\$ 33,626
Marketable securities (Note 5)	834,504	909,771
Accounts receivable	4,938	4,170
	<u>\$ 842,823</u>	<u>\$ 947,567</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,500	\$ 4,587
NET ASSETS		
General fund	839,323	939,507
Restricted fund (Note 7)	-	3,473
	<u>839,323</u>	<u>942,980</u>
	<u>\$ 842,823</u>	<u>\$ 947,567</u>

ON BEHALF OF THE BOARD

 Director

 Director

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

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (100,184)	\$ 65,513
Changes in non-cash working capital:		
Accounts receivable	(768)	(2,242)
Accounts payable and accrued liabilities	(1,087)	2,086
Net contributions (disbursements) from restricted assets	(3,473)	933
	(5,328)	777
Cash flow from (used by) operating activities	(105,512)	66,290
INVESTING ACTIVITY		
Marketable securities	75,267	(35,040)
INCREASE (DECREASE) IN CASH FLOW	(30,245)	31,250
Cash - beginning of year	33,626	2,376
CASH - END OF YEAR	\$ 3,381	\$ 33,626

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2018

1. DESCRIPTION OF OPERATIONS

Twin Oaks/Birches Health Care Charitable Foundation (the "Foundation") was incorporated under the Business Corporations Act of Provincial 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

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

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 at 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.

If donations are received for a specific event, the amount is recognized as revenue when the event is held.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their 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.

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TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2018

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

Marketable securities

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

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

The preparation of financial statements in accordance with accounting standards for not-for profit organizations requires management to make 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 company 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 AND RISK MANAGEMENT

The Foundation's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities. They are classified and accounted for in accordance with CICA Handbook Section 3856 - Financial Instruments: Recognition and Measurement as "equity instruments that are quoted in an active market" as follows:

Equity investments, mutual funds and term deposits which are quoted in an active market are carried at fair value.

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 are with one financial institution.

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TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2018

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Fair Value

The company'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 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 company manages exposure through its normal operating and financing activities. The company is exposed to interest rate risk primarily through the interest-bearing portion of its' investment portfolio.

4. INVESTMENT INCOME

	2018	2017
Gain/loss on investments	\$ 31,895	\$ 2,716
Interest	19,790	2,291
Dividend income	10,182	13,171
	\$ 61,867	\$ 18,178

5. MARKETABLE SECURITIES

	2018	2017
Investors Group Investments	\$ 833,999	\$ 909,266
Trust interest receivable - bequest	505	505
	\$ 834,504	\$ 909,771

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2018

6. COMMITMENTS

The Foundation has committed to disbursing a minimum of 3.5% of its property on its charitable activities, consisting of gifts to Twin Oaks Senior Citizens Association (Birches) and Twin Oaks Memorial Hospital (Hospital). The Foundation also approves a portion of the allotted funds to bursaries. The funds are disbursed in accordance with instructions received from the two organizations regarding the type, purpose and amount of required expenditures. The requested items are then acquired on the parties' behalf.

A total of \$67,053 (2017 - \$28,867) was disbursed in the current year of which \$48,007 (2017 - \$16,348) and \$16,047 (2017 - \$12,519) were disbursed to the Birches and the Hospital respectively.

Three \$1,000 bursaries totaling \$3,000 (2017- \$1,000) were presented to high school graduates during the year.

7. RESTRICTED NET ASSETS

	2018	2017
Nursing	\$ -	\$ 2,002
Hospital	-	383
Palliative Care	-	995
Diabetic Clinic	-	93
	\$ -	\$ 3,473

These funds are restricted by the donors to be used in the areas indicated. Total restricted contributions during the year were \$100 (2017 - \$1,100). Total expenditures from restricted funds during the year were \$3,573 (2017 - \$167).

8. BEQUEST

During the 2017 year, the Foundation, became the beneficiary of an Estate. The Foundation has received a total of \$36,500 in cash distributions from the Estate. The Foundation has also accrued \$505 of investment income to be distributed from the Estate. As of year end the Foundation's remaining interest in the Estate is approximately \$3,000. These amounts are estimates subject to change and the donation will be recorded when it is received.

9. 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, 2018**

	2018	2017
Twin Oaks Memorial Hospital		
Sterilizer	\$ 24,975	\$ -
Alarm system	17,022	-
Memorial wall	5,671	-
Waiting room TV	339	694
Waiting room chairs	-	15,654
	48,007	16,348
Twin Oaks Senior Citizens Association		
Beautification	\$ 11,427	\$ -
Trips and events	4,620	4,141
Furniture	-	4,403
Scale	-	3,975
	16,047	12,519
Grants		
Bursary	3,000	1,000
GRAND TOTAL	\$ 67,054	\$ 29,867