

**TWIN OAKS BIRCHES CHARITABLE FOUNDATION**

**Financial Statements**

**Year Ended December 31, 2021**

**TWIN OAKS BIRCHES CHARITABLE FOUNDATION**

**Index to Financial Statements**

**Year Ended December 31, 2021**

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Operations	3
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10
Grants to Community Organizations ( <i>Schedule 1</i> )	11

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Twin Oaks Birches Charitable Foundation

### *Qualified Opinion*

We have audited the financial statements of Twin Oaks Birches Charitable Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, 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, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

### *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, 2021, current assets and net assets as at December 31, 2021. Our audit opinion on the financial statements for the year ended December 31, 2020 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 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Emphasis of Matter*

We draw attention to Note 9 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2020 has been restated. Our opinion is not modified in respect to this matter.

### *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 ASNPO, 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 related 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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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.

*HBA Chartered Professional Accountants*

Dartmouth, Nova Scotia  
April 18, 2022

HBA Chartered Professional Accountants

**TWIN OAKS BIRCHES CHARITABLE FOUNDATION**

**Statement of Operations**

**Year Ended December 31, 2021**

	2021	%	2020	%
<b>REVENUE</b>				
Donations and bequests	\$ 112,587	51.70	\$ 12,585	17.11
Investment income <i>(Note 4)</i>	105,186	48.30	60,382	82.08
Fundraising events	-	-	600	0.82
	<b>217,773</b>	<b>100.00</b>	73,567	100.01
<b>EXPENDITURES</b>				
Management fees	14,858	6.82	14,247	19.37
Professional fees	6,085	2.79	5,005	6.80
Advertising and promotion	4,684	2.15	65	0.09
Insurance	2,795	1.28	2,540	3.45
Office	784	0.36	378	0.51
Interest and bank charges	743	0.34	736	1.00
	<b>29,949</b>	<b>13.74</b>	22,971	31.22
<b>EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS (Note 9)</b>				
	<b>187,824</b>	<b>86.26</b>	50,596	68.79
<b>OTHER INCOME (EXPENSES)</b>				
Unrealized gains on marketable securities	(384)	(0.18)	4,752	6.46
Grants to Community Organizations <i>(Schedule 1)</i>	(29,974)	(13.76)	(45,095)	(61.30)
	<b>(30,358)</b>	<b>(13.94)</b>	(40,343)	(54.84)
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>				
	<b>\$ 157,466</b>	<b>72.32</b>	\$ 10,253	13.95

See notes to the financial statements

**TWIN OAKS BIRCHES CHARITABLE FOUNDATION**

**Statement of Financial Position**

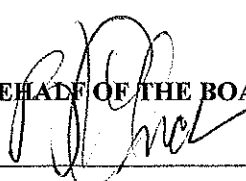
**December 31, 2021**


	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 959	\$ 9,068
Marketable securities (Note 5)	1,017,801	853,856
Government remittances	1,345	2,109
	<b>\$ 1,020,105</b>	<b>\$ 865,033</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 23,553	\$ 25,003
<b>NET ASSETS</b>		
General fund	996,412	838,946
Restricted fund (Note 7)	140	1,084
	<b>996,552</b>	<b>840,030</b>
	<b>\$ 1,020,105</b>	<b>\$ 865,033</b>

COMMITMENTS (Note 6)

SIGNIFICANT EVENT (Note 8)

ON BEHALF OF THE BOARD

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

See notes to the financial statements

**TWIN OAKS BIRCHES CHARITABLE FOUNDATION****Statement of Changes in Net Assets****Year Ended December 31, 2021**

	General Fund	Restricted Fund	2021	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 838,946	\$ 1,084	\$ <b>840,030</b>	\$ 830,651
Excess of revenue from operations <i>(Note 9)</i>	187,824	-	<b>187,824</b>	50,596
Unrealized gains on marketable securities <i>(Note 9)</i>	(384)	-	<b>(384)</b>	4,752
Grants to community organizations	(29,974)	-	<b>(29,974)</b>	(45,095)
Change in restricted net assets <i>(Note 7)</i>	-	(944)	<b>(944)</b>	(874)
<b>NET ASSETS - END OF YEAR</b>	\$ 996,412	\$ 140	\$ <b>996,552</b>	\$ 840,030

See notes to the financial statements

**TWIN OAKS BIRCHES CHARITABLE FOUNDATION****Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 157,466	\$ 10,253
Changes in non-cash working capital:		
Government remittances	765	6,662
Accounts payable and accrued liabilities	(1,451)	19,209
Net contributions (disbursements) from restricted assets	(944)	(874)
	<b>(1,630)</b>	24,997
Cash flow from operating activities	<b>155,836</b>	35,250
<b>FINANCING ACTIVITY</b>		
Marketable securities	<b>(163,945)</b>	(30,886)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(8,109)</b>	4,364
Cash - beginning of year	<b>9,068</b>	4,704
<b>CASH - END OF YEAR</b>	<b>\$ 959</b>	\$ 9,068

See notes to the financial statements



# TWIN OAKS BIRCHES CHARITABLE FOUNDATION

## Notes to Financial Statements

Year Ended December 31, 2021

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### 1. DESCRIPTION OF OPERATIONS

Twin Oaks Birches 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 Foundation is a non-profit organization under paragraph 149(1).(1) 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 Foundation's objectives and at no time will any dividends be paid.

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### 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 (ASNPO).

#### Fund accounting

The General Fund consists of unrestricted revenues from fundraising activities and contributions.

The Restricted Fund are contributions restricted for a specified purpose. The contributions are recorded in the appropriate fund based on the external restrictions categorized as Nursing, Hospital, and Kitchen.

#### 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 unless the fair value of those services are reliably measurable.

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# TWIN OAKS BIRCHES CHARITABLE FOUNDATION

## Notes to Financial Statements

Year Ended December 31, 2021

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

#### 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.

#### 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.

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# TWIN OAKS BIRCHES CHARITABLE FOUNDATION

## Notes to Financial Statements

Year Ended December 31, 2021

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### 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 CPA Canada ASNPO Handbook Standards 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.

#### Fair Value

The company's carrying value of cash, marketable securities, accounts payable and accrued liabilities 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.

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### 4. INVESTMENT INCOME

	2021	2020
Gain on investments	\$ 92,193	\$ 46,389
Interest	5,994	7,625
Dividends	7,000	6,368
	<b>\$ 105,187</b>	<b>\$ 60,382</b>

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# TWIN OAKS BIRCHES CHARITABLE FOUNDATION

## Notes to Financial Statements

Year Ended December 31, 2021

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### 5. MARKETABLE SECURITIES

	2021	2020
Investors Group Investments	\$ 1,017,801	\$ 853,856

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### 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 \$29,974 (2020 - \$45,095) was disbursed in the current year of which \$8,888 (2020 - \$21,445) and \$18,086 (2020 - \$21,650) were disbursed to the Birches and the Hospital respectively.

Three \$1,000 bursaries totaling \$3,000 (2020 - \$2,000) were presented to high school graduates during the year.

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### 7. RESTRICTED NET ASSETS

	2021	2020
Kitchen	\$ 114	\$ 536
Nursing	11	533
Hospital	15	15
	\$ 140	\$ 1,084

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These funds are restricted by the donors to be used in the areas indicated. Total restricted contributions during the year were \$nil (2020 - \$nil). Total expenditures from restricted funds during the year were \$944 (2020 - \$874).

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### 8. SIGNIFICANT EVENT

The outbreak of a novel strain of coronavirus resulted in the global declaration of a pandemic by the World Health Organization. Government measures in place to combat the health threat of the virus have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the outbreak are unknown at this time, as are the efficacy of government and central bank interventions. It is not possible to reliably estimate the length and severity of the measures nor their impact on the future financial results and condition of the Foundation.

Fundraising events were postponed for 2020 and 2021 due to Covid-19 which significantly affected fundraising efforts.

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### 9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. During the 2020 year, the management fees for the investments totaling \$13,842 were included in the unrealized gain account. \$405 was correctly recorded as fees.

There is no impact on excess of revenues over expenditures or the ending net asset balance. The current year accurately reflects all management fees paid on investments. Furthermore, given the Foundation is exempt from tax, there is no tax impact of this adjustment.

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**TWIN OAKS BIRCHES CHARITABLE FOUNDATION****Grants to Community Organizations***(Schedule 1)***Year Ended December 31, 2021**

	2021	2020
<b>Twin Oaks Memorial Hospital</b>		
Portable ultrasound machine	\$ 13,500	\$ -
Patient assistance	4,000	-
Memorial wall	548	304
Events	38	1,000
Palliative care chairs	-	2,440
Secureband system	-	2,807
Vital sign monitor	-	3,996
Warming cabinet	-	5,780
Patient lift	-	5,323
	<b>18,086</b>	<b>21,650</b>
<b>Twin Oaks Senior Citizens Association</b>		
Recreational therapy & events	\$ 5,421	\$ 4,793
Beautification	2,951	5,831
Furniture	516	-
Floor scrubber	-	8,729
Signage	-	2,092
	<b>8,888</b>	<b>21,445</b>
<b>Grants</b>		
Bursary	3,000	2,000
<b>GRAND TOTAL</b>	<b>\$ 29,974</b>	<b>\$ 45,095</b>

See notes to the financial statements