

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

Financial Statements

Year Ended December 31, 2011

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Index to Financial Statements

Year Ended December 31, 2011

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 11
Grants to Community Organizations (<i>Schedule 1</i>)	12



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, 2011 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)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Twin Oaks/Birches Health Care Charitable Foundation as at December 31, 2011, and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

AC Hunter Tellier Belgrave Adamson

Dartmouth, Nova Scotia
May 1, 2012

AC HUNTER TELLIER BELGRAVE ADAMSON
CHARTERED ACCOUNTANTS

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION**Statement of Revenues and Expenditures****Year Ended December 31, 2011**

	2011	2010
REVENUE		
Fundraising events	\$ 81,706	\$ 87,251
Donations and bequests	16,693	5,271
Investment income	14,012	11,599
	112,411	104,121
EXPENSES		
Fundraising costs	11,251	10,306
Advertising and promotion	4,693	3,498
Professional fees	4,937	3,245
Office	2,774	2,013
Insurance	1,760	1,600
Interest and bank charges	1,106	1,273
Miscellaneous	200	113
Interest on long term debt	-	123
Conference fees	-	4,339
	26,721	26,510
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	85,690	77,611
OTHER INCOME		
Unrealized gains (losses) on marketable securities	(12,060)	16,400
Grants to Community Organizations (<i>Schedule 1</i>)	(37,807)	(41,891)
	(49,867)	(25,491)
EXCESS OF REVENUE OVER EXPENSES	\$ 35,823	\$ 52,120

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION**Statement of Changes in Net Assets****Year Ended December 31, 2011**

	General Fund	Restricted Fund	2011	2010
NET ASSETS - BEGINNING OF YEAR	\$ 603,058	\$ 7,030	\$ 610,088	\$ 561,336
Excess of revenue over expenses from operations	85,690	-	85,690	77,611
Unrealized gains (losses) on marketable securities	(12,060)	-	(12,060)	16,400
Grants to community organizations	(37,807)	-	(37,807)	(41,891)
Change in restricted net assets <i>(Note 8)</i>	-	(5,038)	(5,038)	(3,368)
NET ASSETS - END OF YEAR	\$ 638,881	\$ 1,992	\$ 640,873	\$ 610,088

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

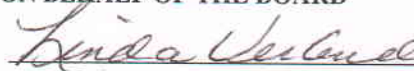
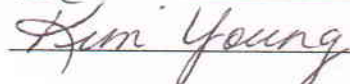
Statement of Financial Position

December 31, 2011

	2011	2010
ASSETS		
CURRENT		
Cash	\$ 64,594	\$ 34,363
Term deposits	-	48,188
Accounts receivable	4,483	1,987
Marketable securities (Note 5)	579,548	529,649
	\$ 648,625	\$ 614,187
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 7,752	\$ 4,099
NET ASSETS		
General fund	638,881	603,058
Restricted fund	1,992	7,030
	640,873	610,088
	\$ 648,625	\$ 614,187

COMMITMENTS (Note 7)

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, 2011**

	2011	2010
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 35,823	\$ 52,120
Item not affecting cash:		
Net contributions (disbursements) from restricted assets	(5,038)	(3,368)
	30,785	48,752
Changes in non-cash working capital:		
Accounts receivable	(2,496)	253
Accounts payable	3,653	(10,488)
Deferred income	-	(500)
	1,157	(10,735)
Cash flow from operating activities	31,942	38,017
INVESTING ACTIVITY		
Marketable securities	(49,899)	(206,275)
FINANCING ACTIVITY		
Repayment of long term debt	-	(10,452)
DECREASE IN CASH FLOW	(17,957)	(178,710)
Cash - beginning of year	82,551	261,261
CASH - END OF YEAR	\$ 64,594	\$ 82,551
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest paid	\$ 1,104	\$ 1,396

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2011

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)

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2011

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

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 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.

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2011

3. FINANCIAL INSTRUMENTS

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 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.

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.

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 its floating interest rate bank loan.

4. INVESTMENT INCOME

	2011	2010
Interest earned	\$ 2,979	\$ 7,205
Dividend income	7,727	5,119
Gain/loss on investments	3,306	(725)
	\$ 14,012	\$ 11,599

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2011

5. MARKETABLE SECURITIES

	2011	2010
Investors Group Investments	\$ 579,548	\$ 529,649

Marketable securities are recorded at fair market value.

6. RELATED PARTY TRANSACTIONS

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

	2011	2010
Investors Group Financial Services <i>(Investment advisor serves as a member to the Foundation's Board of Directors)</i>		
Total investments held	\$ 579,548	\$ 529,649
	\$ 579,548	\$ 529,649

During the current fiscal year, the Foundation transferred a total of \$49,439 in marketable securities to an investment account managed by a member of the Board of Directors.

7. COMMITMENTS

During the fiscal year, the Foundation disbursed a total of \$37,807 to two organizations, the 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 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 \$37,807 was disbursed in the current year in which \$12,732 and \$21,981 were disbursed to the Birches and the Hospital respectively.

A bursary for the amount of \$1,000 was also presented to a high school graduate during the year. Other community grants amounted to \$2,094.

8. RESTRICTED NET ASSETS

	2011	2010
Nursing	\$ 1,469	\$ 1,465
Hospital	250	50
Diabetic Clinic	153	911
Palliative Care	120	2,807
Library	-	1,500
Homecare	-	297
	\$ 1,992	\$ 7,029

These funds are restricted by the donors to be used in the areas indicated. Total restricted contributions during the year were \$995. Total expenditures from restricted funds during the year were \$6,032.

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2011

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, 2011**

	2011	2010
Twin Oaks Memorial Hospital		
Electronic equipment	\$ 12,744	\$ -
Capital District Health Authority	6,158	-
Painting	1,741	-
Medical equipment	1,338	3,331
Furniture	-	27,051
Supplies	-	4,007
	21,981	34,389
Twin Oaks Senior Citizens Association		
Palliative care room	7,264	-
Miscellaneous	4,468	-
Fairy god mother fund	1,000	-
Warming cabinet	-	6,038
Furniture	-	464
	12,732	6,502
Other		
Other	2,094	-
Bursary	1,000	1,000
	3,094	1,000
TOTAL GRANTS TO COMMUNITY ORGANIZATIONS	\$ 37,807	\$ 41,891