

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

Financial Statements

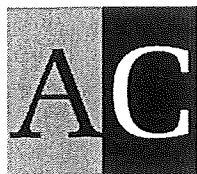
Year Ended December 31, 2015

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

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Year Ended December 31, 2015

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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 Members 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, 2015 and the statements of revenues and expenditures, changes in net assets and cash flows 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 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.

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 qualified audit opinion.

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.

(continues)

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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

AC Hunter Tellier Belgrave Adamson

Dartmouth, Nova Scotia
April 13, 2016

AC HUNTER TELLIER BELGRAVE ADAMSON
CHARTERED ACCOUNTANTS

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Statement of Revenues and Expenditures

Year Ended December 31, 2015

| | 2015 | % | 2014 | % |
|--|-------------------|----------------|------------------|----------------|
| REVENUE | | | | |
| Investment income | \$ 26,195 | 55.81 | \$ 27,553 | 49.59 |
| Fundraising events | 14,010 | 29.85 | 20,126 | 36.22 |
| Donations and bequests | 6,727 | 14.33 | 7,888 | 14.20 |
| | 46,932 | 99.99 | 55,567 | 100.01 |
| EXPENSES | | | | |
| Professional fees | 4,407 | 9.39 | 5,526 | 9.94 |
| Insurance | 2,087 | 4.45 | 2,087 | 3.76 |
| Advertising and promotion | 930 | 1.98 | 1,328 | 2.39 |
| Interest and bank charges | 844 | 1.80 | 854 | 1.54 |
| Office | 581 | 1.24 | 1,417 | 2.55 |
| Fundraising costs | 185 | 0.39 | 352 | 0.63 |
| | 9,034 | 19.25 | 11,564 | 20.81 |
| EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS | 37,898 | 80.74 | 44,003 | 79.20 |
| OTHER INCOME | | | | |
| Unrealized gains (losses) on marketable securities | (33,388) | (71.14) | 17,275 | 31.09 |
| Grants to Community Organizations (Schedule 1) | 5,694 | (12.13) | 25,726 | (46.30) |
| | (39,082) | (83.27) | (8,451) | (15.21) |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | \$ (1,184) | (2.53) | \$ 35,552 | 63.99 |

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Statement of Changes in Net Assets

Year Ended December 31, 2015

| | General Fund | Restricted Fund | 2015 | 2014 |
|--|-----------------|--------------------|------------|------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 825,000 | \$ 2,458 | \$ 827,458 | \$ 792,029 |
| Excess of revenue over expenses from operations | 37,897 | - | 37,897 | 44,003 |
| Unrealized gains (losses) on marketable securities | (33,388) | - | (33,388) | 17,275 |
| Grants to community organizations | (5,694) | - | (5,694) | (25,726) |
| Change in restricted net assets | - | 151 | 151 | (123) |
| NET ASSETS - END OF YEAR | \$ 823,815 | \$ 2,609 | \$ 826,424 | \$ 827,458 |

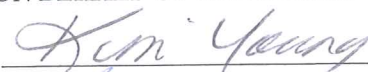
TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Statement of Financial Position

December 31, 2015

| | 2015 | 2014 |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 12,079 | \$ 26,419 |
| Marketable securities (Note 5) | 816,174 | 823,367 |
| Accounts receivable | 673 | 2,465 |
| | <u>\$ 828,926</u> | <u>\$ 852,251</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 2,502 | \$ 24,793 |
| NET ASSETS | | |
| General fund | 823,815 | 825,000 |
| Restricted fund (Note 8) | 2,609 | 2,458 |
| | <u>826,424</u> | <u>827,458</u> |
| | <u>\$ 828,926</u> | <u>\$ 852,251</u> |

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 Flows****Year Ended December 31, 2015**

| | 2015 | 2014 |
|--|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenue over expenses | \$ (1,184) | \$ 35,552 |
| Item not affecting cash: | | |
| Net contributions (disbursements) from restricted assets | 151 | (123) |
| | (1,033) | 35,429 |
| Changes in non-cash working capital: | | |
| Accounts receivable | 1,792 | (387) |
| Accounts payable and accrued liabilities | (22,292) | 4,409 |
| Deferred income | - | (2,500) |
| | (20,500) | 1,522 |
| Cash flow from (used by) operating activities | (21,533) | 36,951 |
| INVESTING ACTIVITY | | |
| Marketable securities | 7,193 | (44,780) |
| DECREASE IN CASH FLOW | (14,340) | (7,829) |
| Cash - beginning of year | 26,419 | 34,248 |
| CASH - END OF YEAR | \$ 12,079 | \$ 26,419 |

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2015

1. DESCRIPTION OF OPERATIONS

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

Basis of presentation

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

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.

(continues)

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2015

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, 2015

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

| | 2015 | 2014 |
|--------------------------|------------------|------------------|
| Interest earned | \$ 1,731 | \$ 891 |
| Dividend income | 11,618 | 12,046 |
| Gain/loss on investments | 12,846 | 14,616 |
| | <u>\$ 26,195</u> | <u>\$ 27,553</u> |

5. MARKETABLE SECURITIES

| | 2015 | 2014 |
|---------------------------|-------------------|-------------------|
| Investors Group portfolio | <u>\$ 816,174</u> | <u>\$ 823,367</u> |

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2015

6. RELATED PARTIES

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

| | 2015 | 2014 |
|---|-------------------|-------------------|
| <u>Related party transactions</u> | | |
| Investors Group Financial Services <i>(Investment advisor serves as a member to the Foundation's Board of Directors)</i> | | |
| Total investments held | \$ 816,174 | \$ 823,367 |
| | <u>\$ 816,174</u> | <u>\$ 823,367</u> |

During the current fiscal year, the Foundation transferred a total of \$0 (2014 - \$nil) in marketable securities to an investment account managed by a member of the Board of Directors.

7. 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 \$5,694 was disbursed in the current year in which \$4,694 and \$0 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.

8. RESTRICTED NET ASSETS

| | 2015 | 2014 |
|-----------------|-----------------|-----------------|
| Nursing | \$ 1,071 | \$ 1,070 |
| Hospital | 550 | 550 |
| Palliative Care | 895 | 745 |
| Diabetic Clinic | 93 | 93 |
| | <u>\$ 2,609</u> | <u>\$ 2,458</u> |

These funds are restricted by the donors to be used in the areas indicated. Total restricted contributions during the year were \$150. Total expenditures from restricted funds during the year were \$0.

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, 2015

| | 2015 | 2014 |
|--|-----------------|------------------|
| Twin Oaks Memorial Hospital | | |
| Draperies | \$ - | \$ 1,126 |
| Lamps | - | 107 |
| Lifts | - | 6,191 |
| | - | 7,424 |
| Twin Oaks Senior Citizens Association | | |
| Gift bags | \$ 2,243 | \$ - |
| Fairy god mother fund | 2,000 | 1,000 |
| Bedspreeds and Throws | 451 | 4,197 |
| Cabinets and Desks | - | 12,105 |
| | 4,694 | 17,302 |
| Grants | | |
| Bursary | 1,000 | 1,000 |
| GRAND TOTAL | \$ 5,694 | \$ 25,726 |