

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

**Financial Statements**

**Year Ended December 31, 2009**

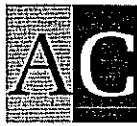
**TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION**

**Index to Financial Statements**

**Year Ended December 31, 2009**

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AUDITORS' REPORT

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

We have audited the statement of financial position of Twin Oaks/Birches Health Care Charitable Foundation as at December 31, 2009 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the company derives revenue from (specify type of contributions affected) 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.

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 preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2009 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  
March 31, 2010

*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, 2009**

	2009	2008
<b>REVENUE</b>		
Fundraising events	\$ 72,217	\$ 59,085
Investment income	15,987	10,199
Donations and bequests	5,579	24,490
	93,783	93,774
<b>EXPENSES</b>		
Fundraising costs	8,684	9,178
Advertising and promotion	4,512	919
Professional fees	2,584	2,500
Office	2,236	480
Insurance	1,640	-
Interest and bank charges	1,152	1,298
Interest on long term debt	500	1,631
	21,308	16,006
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>72,475</b>	<b>77,768</b>
<b>OTHER INCOME</b>		
Unrealized gains (losses) on marketable securities	9,857	(39,322)
Grants to Community Organizations (Schedule 1)	(26,284)	(3,001)
	(16,427)	(42,323)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 56,048</b>	<b>\$ 35,445</b>

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

**Statement of Changes in Net Assets**

**Year Ended December 31, 2009**

	General Fund	Restricted Fund	2009	2008
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 494,890	\$ 11,528	\$ 506,418	\$ 470,972
Excess of revenue over expenses from operations	72,475	-	72,475	77,768
Unrealized gains (losses) on marketable securities	9,857	-	9,857	(39,322)
Grants to community organizations	(26,284)	-	(26,284)	(3,001)
Change in restricted net assets <i>(Note 9)</i>	-	(1,130)	(1,130)	-
<b>NET ASSETS - END OF YEAR</b>	\$ 550,938	\$ 10,398	\$ 561,336	\$ 506,417

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

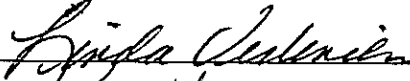
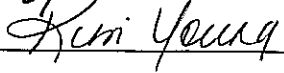
**Statement of Financial Position**

**December 31, 2009**

	2009	2008
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 93,155	\$ 63,249
Term deposits (Note 5)	131,987	-
Accounts receivable	2,240	1,580
Marketable securities (Note 4)	312,813	292,289
	540,195	357,118
<b>LONG TERM DEPOSITS (Note 5)</b>	<b>46,681</b>	<b>174,953</b>
	<b>\$ 586,876</b>	<b>\$ 532,071</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 14,588	\$ 2,577
Current portion of long term debt (Note 6)	10,452	12,624
Deferred income (Note 7)	500	-
	25,540	15,201
<b>LONG TERM DEBT (Note 6)</b>	<b>-</b>	<b>10,452</b>
	<b>25,540</b>	<b>25,653</b>
<b>NET ASSETS</b>		
General fund	550,938	494,890
Restricted fund	10,398	11,528
	561,336	506,418
	<b>\$ 586,876</b>	<b>\$ 532,071</b>

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, 2009**

	2009	2008
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 56,048	\$ 35,445
Item not affecting cash:		
Net contributions (disbursements) from restricted assets	(1,130)	-
	<b>54,918</b>	<b>35,445</b>
Changes in non-cash working capital:		
Accounts receivable	(660)	1,964
Accounts payable	12,011	144
Deferred income (Note 7)	500	-
Grants payable	-	(18,775)
	<b>11,851</b>	<b>(16,667)</b>
Cash flow from operating activities	<b>66,769</b>	<b>18,778</b>
<b>INVESTING ACTIVITIES</b>		
Marketable securities	(20,524)	30,049
Long term deposits	(3,715)	(13,194)
Cash flow from (used by) investing activities	<b>(24,239)</b>	<b>16,855</b>
<b>FINANCING ACTIVITY</b>		
Repayment of long term debt	(12,624)	(12,624)
<b>INCREASE IN CASH FLOW</b>	<b>29,906</b>	<b>23,009</b>
Cash - beginning of year	63,249	40,240
<b>CASH - END OF YEAR</b>	<b>\$ 93,155</b>	<b>\$ 63,249</b>
<b>CASH FLOW SUPPLEMENTARY INFORMATION</b>		
Interest paid	\$ 1,652	\$ 2,928

# TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

## Notes to Financial Statements

Year Ended December 31, 2009

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### 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 short term bond and mortgage mutual funds.

(continues)



# TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

## Notes to Financial Statements

Year Ended December 31, 2009

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

#### Long term deposits

Long term deposits are carried at cost plus accrued interest, which approximates fair market value, and consist of guaranteed investment certificates maturing beyond twelve months of year end. Term deposits maturing within twelve months of year end are classified as current assets.

#### 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.

**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 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 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 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 company 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 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.

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2009

4. MARKETABLE SECURITIES

	2009	2008
Dynamic Mutual Funds	\$ -	\$ 3,784
Investors Group Mutual Funds	312,813	4,931
RBC Mutual funds	-	283,575
	<b>\$ 312,813</b>	<b>\$ 292,290</b>

Marketable securities are recorded at fair market value.

5. TERM DEPOSITS

	2009	2008
Guaranteed Investment Certificate, non-redeemable, bears interest at a rate of 2.60% and matures January 2, 2010	\$ 69,050	\$ 67,300
Guaranteed Investment Certificate, non-redeemable, bears interest at a rate of 3.00% and matures March 22, 2010	52,376	52,376
Guaranteed Investment Certificate, non-redeemable, bears interest at a rate of 3.25% and matures October 17, 2011	46,681	45,211
Guaranteed Investment Certificate, non-redeemable, bears interest at a rate of 4.25% and matures November 4, 2010	10,561	10,066
Subtotal	178,668	174,953
Less amounts maturing within one year	(131,987)	-
Long term portion of guaranteed investment certificates	<b>\$ 46,681</b>	<b>\$ 174,953</b>

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

6. LONG TERM DEBT

	2009	2008
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	\$ 23,076
Amounts payable within one year	(10,452)	(12,624)
	<b>\$ -</b>	<b>\$ 10,452</b>

Principal repayment terms are approximately:

2010	\$ 10,452
	<u>\$ 10,452</u>

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2009

7. DEFERRED INCOME

The Foundation received \$500 during the current year Gala fundraising event. This amount was designated as an advanced payment for the 2010 Gala. In compliance with its revenue recognition policy, the Foundation has not recognized the income in the current year.

8. RELATED PARTY TRANSACTIONS

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

	2009	2008
Investors Group Financial Services <i>(Investment advisor serves as a member to the Foundation's Board of Directors)</i>		
Total investments held	\$ 320,080	\$ 14,997
	\$ 320,080	\$ 14,997

During the current fiscal year, the Foundation transferred a total of \$296,353 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 \$33,785 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 2008 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 \$28,722 was disbursed in the current year in which \$15,001 and \$10,283 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.

In 2008, the Foundation overpaid \$2,709 in disbursement and therefore, was offset against the amounts allotted for 2009. At year end, the Foundation's balance of unspent allotted funds is \$4,792

10. RESTRICTED NET ASSETS

	2009	2008
Hospital	\$ 4,218	\$ 4,068
Palliative Care	2,607	2,607
Nursing	1,365	1,300
Library	1,000	1,172
Diabetic Clinic	911	2,084
Homecare	297	297
	\$ 10,398	\$ 11,527

These funds are restricted by the donors to be used in the areas indicated. Total restricted contributions during the year were \$215. Total expenditures from restricted funds during the year were \$1,345.

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

**Notes to Financial Statements**

**Year Ended December 31, 2009**

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**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, 2009**

	2009	2008
<b>Twin Oaks Memorial Hospital</b>		
Medical equipment	\$ 6,393	\$ -
Furniture	2,454	1,352
Diabetic Clinic	1,174	-
Library	172	-
Supplies	90	-
	<b>10,283</b>	<b>1,352</b>
<b>Twin Oaks Senior Citizens Association</b>		
Exercise bike	3,945	-
Roho mattress	3,000	-
Sensory items	2,686	-
Furniture	2,297	649
Heat therapy unit hydrocollator	1,867	-
Fireplace insert and wiring	1,179	-
Supplies	27	-
	<b>15,001</b>	<b>649</b>
<b>Bursary</b>		
Bursary	1,000	1,000
<b>TOTAL GRANTS TO COMMUNITY ORGANIZATIONS</b>	<b>\$ 26,284</b>	<b>\$ 3,001</b>