

TWIN OAKS BIRCHES CHARITABLE FOUNDATION

Financial Statements

Year Ended December 31, 2023

TWIN OAKS BIRCHES CHARITABLE FOUNDATION

Index to Financial Information

Year Ended December 31, 2023

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

INDEPENDENT AUDITOR'S REPORT

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, 2023, 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, 2023, 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, 2023, current assets and net assets as at December 31, 2023. Our audit opinion on the financial statements for the year ended December 31, 2022 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.

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.

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

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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
May 1, 2024

HBA Chartered Professional Accountants

TWIN OAKS BIRCHES CHARITABLE FOUNDATION

Statement of Operations

Year Ended December 31, 2023

	2023	%	2022	%
REVENUE				
Donations and bequests	\$ 206,906	60.46	\$ 12,336	29.73
Investment income <i>(Note 4)</i>	132,626	38.76	29,157	70.27
Fundraising events	2,661	0.78	-	-
	342,193	100.00	41,493	100.00
EXPENDITURES				
Management fees	11,810	3.45	15,179	36.58
Professional fees	6,800	1.99	7,320	17.64
Insurance	3,082	0.90	2,935	7.07
Advertising and promotion	1,305	0.38	493	1.19
Office	603	0.18	1,471	3.55
Fundraising costs	481	0.14	-	-
Interest and bank charges	94	0.03	452	1.09
	24,175	7.07	27,850	67.12
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS				
	318,018	92.93	13,643	32.88
OTHER EXPENDITURES				
Unrealized losses on marketable securities	(24,941)	(7.29)	(110,492)	(266.29)
Grants to Community Organizations <i>(Schedule 1)</i>	(56,548)	(16.53)	(60,750)	(146.41)
	(81,489)	(23.82)	(171,242)	(412.70)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES				
	\$ 236,529	69.11	\$ (157,599)	(379.82)

See notes to the financial statements

TWIN OAKS BIRCHES CHARITABLE FOUNDATION

Statement of Changes in Net Assets

Year Ended December 31, 2023

	General Fund	Restricted Net Assets	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 838,812	\$ 140	\$ 838,952	\$ 996,551
Excess of revenue from operations	318,018	-	318,018	13,643
Unrealized losses on marketable securities	(24,941)	-	(24,941)	(110,492)
Grants to community organizations	(56,548)	-	(56,548)	(60,750)
Change in restricted net assets <i>(Note 8)</i>	-	325	325	-
NET ASSETS - END OF YEAR	\$ 1,075,341	\$ 465	\$ 1,075,806	\$ 838,952

See notes to the financial statements

TWIN OAKS BIRCHES CHARITABLE FOUNDATION

Statement of Financial Position

December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 9,497	\$ 3,944
Marketable securities <i>(Note 5)</i>	1,060,179	853,604
Harmonized sales tax receivable	2,936	969
Interest receivable <i>(Note 9)</i>	12,209	2,683
	\$ 1,084,821	\$ 861,200
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,015	\$ 22,248
NET ASSETS		
General fund	1,075,341	838,812
Restricted net assets <i>(Note 8)</i>	465	140
	1,075,806	838,952
	\$ 1,084,821	\$ 861,200

COMMITMENTS *(Note 7)*

SUBSEQUENT EVENT *(Note 9)*

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to the financial statements

TWIN OAKS BIRCHES CHARITABLE FOUNDATION**Statement of Cash Flows****Year Ended December 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 236,529	\$ (157,599)
Changes in non-cash working capital:		
Harmonized sales tax receivable	(1,967)	375
Interest receivable	(9,526)	(2,683)
Accounts payable and accrued liabilities	(13,233)	(1,305)
Net contributions (disbursements) from restricted assets	325	-
	(24,401)	(3,613)
Cash flow from (used by) operating activities	212,128	(161,212)
FINANCING ACTIVITY		
Increase (decrease) marketable securities	(206,575)	164,197
INCREASE IN CASH FLOW	5,553	2,985
Cash - beginning of year	3,944	959
CASH - END OF YEAR	\$ 9,497	\$ 3,944

See notes to the financial statements

TWIN OAKS BIRCHES CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

1. DESCRIPTION OF OPERATIONS

Twin Oaks Birches Charitable Foundation (the "Foundation") is incorporated under the Societies Act of Nova Scotia. 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.

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).

Accounting estimates

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. Examples include accounting fee accruals. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Should an adjustment become necessary, it would be reported in earnings in the period in which it became known.

Fund accounting

The General Fund consists of unrestricted revenues from fundraising activities, donations, bequests and other 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, Meals on Wheels 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 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.

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TWIN OAKS BIRCHES CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

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

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.

Property, plant, and equipment

The Centre elects to report and disclose its tangible capital assets under ASNPO 4431.38. The Centre expenses capital assets in the period in which they are acquired.

Cash

Cash consists of bank balances held with financial institutions 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.

Financial instruments including marketable securities

Measurement

The Company initially measures its financial assets and financial liabilities at fair value.

The Company subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income. Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment.

Financial assets measured at amortized cost include cash, and interest receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in net income. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenditures.

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.

TWIN OAKS BIRCHES CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

3. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of December 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk from donors. The credit risk is mitigated by a diverse donor base.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its receipt of funds from its donors and accounts payable and accrued liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Foundation is mainly exposed to interest and price risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Foundation is exposed to interest rate risk primarily through the interest-bearing portion of its investment portfolio.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investment in quoted shares.

4. INVESTMENT INCOME

	2023	2022
Capital gains	\$ 81,439	\$ 3,786
Interest	28,220	8,437
Dividends	19,560	16,934
Foreign income	3,868	-
Foreign tax paid	(461)	-
	\$ 132,626	\$ 29,157

5. MARKETABLE SECURITIES

	2023	2022
Investors Group Investments	\$ -	\$ 853,604
Investments - CIBC Wood Gundy	1,060,179	-
	\$ 1,060,179	\$ 853,604

TWIN OAKS BIRCHES CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

6. PROPERTY, PLANT AND EQUIPMENT

The average annual revenues of the Foundation for the current and prior period are less than \$500,000. Therefore, the Foundation elects to report and disclose its tangible capital assets under ASNPO 4431.38.

The Foundation expenses capital assets in the period in which they are acquired.

Assets which have been expensed and are not recorded in the Statement of Financial Position include computer hardware.

The Foundation expensed \$nil (2022 - \$nil) of tangible capital assets acquired during the year ended December 31, 2023.

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 \$56,548 (2022 - \$60,750) was disbursed in the current year of which \$23,205 (2022 - \$20,891) and \$27,343 (2022 - \$33,859) were disbursed to the Birches and the Hospital respectively.

Three \$2,000 bursaries totaling \$6,000 (2022 - \$6,000) were presented to high school graduates during the year.

8. RESTRICTED NET ASSETS

	2023	2022
Meals on wheels	\$ 325	\$ -
Kitchen	114	114
Hospital	15	15
Nursing	11	11
	\$ 465	\$ 140

These funds are restricted by the donors to be used in the areas indicated. Total restricted contributions during the year were \$325 (2022 - \$nil). Total expenditures from restricted funds during the year were \$nil (2022 - \$nil).

9. SUBSEQUENT EVENT

Subsequent to year end the Foundation was granted a additional bequest of which the timing of receipt and total amount that will be received is undeterminable as of year-end. However, related interest income earned on the bequest as of year-end has been recorded as interest income receivable in the financial statements. During the year, \$200,000 (2022 - \$nil) was received from this estate, with future amounts undeterminable at this time.

TWIN OAKS BIRCHES CHARITABLE FOUNDATION**Grants to Community Organizations***(Schedule 1)***Year Ended December 31, 2023**

	2023	2022
Twin Oaks Memorial Hospital		
Cardiac monitor	\$ 21,095	\$ -
Scale Wheelchair	3,458	-
Dignity fund	2,500	-
Memorial wall	290	580
Staff recognition	-	4,275
Bladder scanner	-	16,403
Patient assistance	-	5,000
Signage and other equipment	-	7,601
	27,343	33,859
Twin Oaks Senior Citizens Association		
Beautification	\$ 18,331	\$ 10,730
Recreational therapy & events	4,173	5,886
Staff recognition	701	4,275
	23,205	20,891
Grants		
Bursaries	6,000	6,000
GRAND TOTAL	\$ 56,548	\$ 60,750

See notes to the financial statements