

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

Financial Statements

Year Ended December 31, 2008

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

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Year Ended December 31, 2008

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Hunter Belgrave Adamson
CHARTERED ACCOUNTANTS

A Member Firm of The AC Group of Independent Accounting Firms Limited

AUDITORS' REPORT

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, 2008 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 Foundation'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 Foundation 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 Foundation 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 Foundation as at December 31, 2008 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 25, 2009


AC HUNTER BELGRAVE ADAMSON
CHARTERED ACCOUNTANTS

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION**Statement of Revenues and Expenditures****Year Ended December 31, 2008**

	2008	2007
REVENUE		
Fundraising events	\$ 59,085	\$ 61,694
Donations and bequests	24,490	10,651
Investment income	10,199	17,253
	93,774	89,598
EXPENDITURES		
Fundraising costs	9,178	8,125
Professional fees	2,500	2,352
Interest on long term debt	1,631	2,894
Interest and bank charges	1,298	1,107
Advertising and promotion	919	2,291
Office	480	776
	16,006	17,545
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	77,768	72,053
OTHER INCOME (EXPENSE)		
Unrealized gains (losses) on marketable securities	(39,322)	-
Grants to Community Organizations <i>(Schedule 1)</i>	(3,001)	(28,898)
	(42,323)	(28,898)
EXCESS OF REVENUE OVER EXPENDITURES	\$ 35,445	\$ 43,155

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION**Statement of Changes in Net Assets****Year Ended December 31, 2008**

	General Fund	Restricted Fund	2008	2007
NET ASSETS - BEGINNING OF YEAR	\$ 459,444	\$ 11,528	\$ 470,972	\$ 408,829
Adjustment of financial instrument standards	-	-	-	19,831
Restated net assets - beginning of year	459,444	11,528	470,972	-
Excess of revenue over expenditures from operations	77,768	-	77,768	72,053
Unrealized gain (loss) on marketable securities	(39,322)	-	(39,322)	-
Grants to community organizations (schedule 1)	(3,001)	-	(3,001)	(28,899)
Change in restricted net assets (note 8)	-	-	-	(843)
NET ASSETS - END OF YEAR	\$ 494,889	\$ 11,528	\$ 506,417	\$ 470,971



TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Statement of Financial Position

December 31, 2008

	2008	2007
ASSETS		
CURRENT		
Cash	\$ 63,249	\$ 40,240
Accounts receivable	1,580	3,544
Marketable securities	287,358	322,338
	352,187	366,122
LONG TERM DEPOSITS	179,884	161,759
	\$ 532,071	\$ 527,881
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 2,578	\$ 2,434
Current portion of long term debt (Note 6)	12,624	12,624
Grants payable	-	18,775
	15,202	33,833
LONG TERM DEBT (Note 6)	10,452	23,076
	25,654	56,909
NET ASSETS		
General fund	494,889	459,444
Restricted fund	11,528	11,528
	506,417	470,972
	\$ 532,071	\$ 527,881

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION**Statement of Cash Flow****Year Ended December 31, 2008**

	2008	2007
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 35,445	\$ 43,155
Item not affecting cash:		
Net restricted asset contributions (disbursements)	-	(843)
	35,445	42,312
Changes in non-cash working capital:		
Accounts receivable	1,964	(2,440)
Accounts payable	144	1,033
Grants payable	(18,775)	18,775
	(16,667)	17,368
Cash flow from operating activities	18,778	59,680
INVESTING ACTIVITIES		
Marketable securities	34,980	(26,956)
Long term deposits	(18,125)	(3,041)
Adjustment of financial statements to fair value	-	19,831
Cash flow from (used by) investing activities	16,855	(10,166)
FINANCING ACTIVITY		
Repayment of long term debt	(12,624)	(12,624)
INCREASE IN CASH FLOW	23,009	36,890
Cash - beginning of year	40,240	3,350
CASH - END OF YEAR	\$ 63,249	\$ 40,240
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest paid	\$ 2,928	\$ 4,001

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2008

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.

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.

Fundraising costs

The Foundation expenses fundraising costs in the year in which they are incurred.

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TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2008

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

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.

When available, fair value 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.

Unless otherwise noted, it is the board's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Foundation is exposed to interest rate price risk related to its fixed rate investments and interest rate cash flow risk from its floating rate debt.

The Foundation does not enter into hedging activities and does not engage in derivative transactions.

Marketable securities

Marketable securities are carried at fair market value and consist of investments in balanced and money market mutual funds.

Long term deposits

Long term deposits are carried at fair market value and consist of guaranteed investment certificates with maturities beyond twelve months as of year end.

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.

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TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2008

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

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 Foundation 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 RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

4. MARKETABLE SECURITIES

	2008	2007
Dynamic Mutual Funds	\$ 3,784	\$ 4,295
Royal Mutual Funds Inc.	283,575	318,044
Investors Group Mutal Funds	4,931	-
	<hr/>	<hr/>
	\$ 292,290	\$ 322,339

Marketable securities are recorded at fair market value.

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2008

5. LONG TERM DEPOSITS

	2008	2007
Guaranteed Investment Certificate, non-redeemable, bears interest at a rate of 2.60% and matures January 2, 2010	\$ 67,300	\$ 65,594
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	45,211	43,788
Guaranteed Investment Certificate, non-redeemable, bears interest at a rate of 4.25% and matures November 4, 2010	10,066	-
	\$ 174,953	\$ 161,758

Term deposits are recorded at fair market value.

6. LONG TERM DEBT

	2008	2007
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.	\$ 23,076	\$ 35,700
Amounts payable within one year	(12,624)	(12,624)
	\$ 10,452	\$ 23,076

Principal repayment terms are approximately:

2009	\$ 12,624
2010	10,452
	<u>\$ 23,076</u>

7. RESTRICTED NET ASSETS

	2008	2007
Hospital	\$ 4,068	\$ 4,068
Diabetic Clinic	2,084	2,084
Palliative Care	2,607	2,607
Nursing	1,300	1,300
Library	1,172	1,172
Homecare	297	297
	\$ 11,528	\$ 11,527

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

TWIN OAKS/BIRCHES HEALTH CARE CHARITABLE FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2008

8. 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, 2008**

	2008	2007
Twin Oaks Memorial Hospital		
Treadmill	\$ -	\$ 8,195
Furniture	1,352	7,082
	1,352	15,277
Twin Oaks Senior Citizens Association	649	10,985
Other		
Diabetic Contributions	-	261
Nursing	-	1,375
Bursary	1,000	1,000
	1,000	2,636
TOTAL GRANTS TO COMMUNITY ORGANIZATIONS	\$ 3,001	\$ 28,898