

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Financial Statements**

**Year Ended March 31, 2013**

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**  
**Index to Financial Statements**  
**Year Ended March 31, 2013**

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of Sackville Memorial Hospital Foundation Inc.

We have audited the accompanying financial statements of Sackville Memorial Hospital Foundation Inc., which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of revenues and expenditures, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

In common with many charitable organizations, the Foundation 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 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.

### 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 preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Sackville Memorial Hospital Foundation Inc. as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.



Amherst, Nova Scotia  
June 19, 2013

CHARTERED ACCOUNTANTS

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Statement of Financial Position**

**March 31, 2013**

|   | General Fund<br>2013 | Endowment<br>Fund<br>2013 | Total<br>2013       | Total<br>2012<br><i>(Restated)</i> |
|---|----------------------|---------------------------|---------------------|------------------------------------|
| <b>ASSETS</b>   |                      |                           |                     |                                    |
| <b>CURRENT</b>  |                      |                           |                     |                                    |
| Cash  | \$ 195,555           | \$ -                      | \$ 195,555          | \$ 204,534                         |
| Short term investments<br><i>(Note 4)</i>                   | 276,480              | 255,002                   | 531,482             | 307,333                            |
| Accounts receivable<br><i>(Note 5)</i>                      | 19,983               | -                         | 19,983              | 51,240                             |
| Prepaid expenses  | 2,816                | -                         | 2,816               | 2,670                              |
|   | <u>494,834</u>       | <u>255,002</u>            | <u>749,836</u>      | <u>565,777</u>                     |
| LONG TERM INVESTMENTS<br><i>(Note 4)</i>                    | -                    | 482,009                   | 482,009             | 545,173                            |
| RESTRICTED CASH <i>(Note 6)</i>                             | -                    | 23,637                    | 23,637              | 23,637                             |
| LAND, BUILDING AND<br>EQUIPMENT <i>(Note 7)</i>             | 335,859              | -                         | 335,859             | 353,925                            |
| DUE BETWEEN FUNDS   | 60,338               | (60,338)                  | -                   | -                                  |
|   | <u>\$ 891,031</u>    | <u>\$ 700,310</u>         | <u>\$ 1,591,341</u> | <u>\$ 1,488,512</u>                |
| <b>LIABILITIES AND NET ASSETS</b>                           |                      |                           |                     |                                    |
| <b>CURRENT</b>  |                      |                           |                     |                                    |
| Accounts payable and accrued<br>liabilities <i>(Note 8)</i> | \$ 75,693            | \$ -                      | \$ 75,693           | \$ 37,190                          |
| Deferred contributions <i>(Note 9)</i>                      | 103,534              | -                         | 103,534             | 114,395                            |
| Deferred rent   | 2,820                | -                         | 2,820               | 2,760                              |
|   | <u>182,047</u>       | <u>-</u>                  | <u>182,047</u>      | <u>154,345</u>                     |
| <b>NET ASSETS</b>   |                      |                           |                     |                                    |
| General fund  | 373,126              | -                         | 373,126             | 279,932                            |
| Invested in capital assets                                  | 335,858              | -                         | 335,858             | 353,925                            |
| Externally restricted net assets                            | -                    | 23,637                    | 23,637              | 23,637                             |
| Internally restricted net assets                            | -                    | 676,673                   | 676,673             | 676,673                            |
|   | <u>708,984</u>       | <u>700,310</u>            | <u>1,409,294</u>    | <u>1,334,167</u>                   |
|   | <u>\$ 891,031</u>    | <u>\$ 700,310</u>         | <u>\$ 1,591,341</u> | <u>\$ 1,488,512</u>                |

COMMITMENTS *(Note 10)*

CONTRACTUAL OBLIGATIONS *(Note 11)*

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Statement of Revenues and Expenditures**

**Year Ended March 31, 2013**

|  | General Fund<br>2013 | Endowment<br>Fund<br>2013 | Total<br>2013    | Total<br>2012<br><i>(Restated)</i> |
|--|----------------------|---------------------------|------------------|------------------------------------|
| <b>REVENUE</b>   |                      |                           |                  |                                    |
| Restricted contributions<br><i>(Note 9)</i>                    | \$ 110,884           | \$ -                      | \$ 110,884       | \$ 30,525                          |
| Unrestricted contributions                                     | 22,983               | -                         | 22,983           | 39,591                             |
| Government contributions                                       | 20,000               | -                         | 20,000           | 20,000                             |
| Investment income  | 30,120               | -                         | 30,120           | 28,235                             |
| Gains (losses) on disposal of<br>investments                   | (814)                | -                         | (814)            | 5,617                              |
| Unrealized gains (losses) on<br>investments                    | 34,596               | -                         | 34,596           | (19,240)                           |
|  | <u>217,769</u>       | <u>-</u>                  | <u>217,769</u>   | <u>104,728</u>                     |
| <b>EXPENSES</b>  |                      |                           |                  |                                    |
| Administrative services  | 7,318                | -                         | 7,318            | 10,073                             |
| Charitable expenditures<br><i>(Note 12)</i>                    | 115,692              | -                         | 115,692          | 62,151                             |
| Communication  | 15,130               | -                         | 15,130           | 13,397                             |
| Foundation Focus newsletter                                    | 3,748                | -                         | 3,748            | 416                                |
| Fundraising expenses   | 1,774                | -                         | 1,774            | 8,484                              |
| Interest and bank charges                                      | 1,605                | -                         | 1,605            | 1,761                              |
| Liability insurance  | 1,131                | -                         | 1,131            | 1,136                              |
| Office supplies  | 481                  | -                         | 481              | 953                                |
| Professional fees  | 4,054                | -                         | 4,054            | 4,287                              |
|  | <u>150,933</u>       | <u>-</u>                  | <u>150,933</u>   | <u>102,658</u>                     |
| <b>EXCESS OF REVENUE<br/>OVER EXPENSES<br/>FROM OPERATIONS</b> | <u>66,836</u>        | <u>-</u>                  | <u>66,836</u>    | <u>2,070</u>                       |
| <b>TANTRAMAR COMMUNITY HEALTH CENTRE</b>                       |                      |                           |                  |                                    |
| Rental income  | 98,910               | -                         | 98,910           | 96,575                             |
| Amortization   | (18,067)             | -                         | (18,067)         | (17,946)                           |
| Insurance  | (2,190)              | -                         | (2,190)          | (2,204)                            |
| Interest and bank charges                                      | (773)                | -                         | (773)            | (654)                              |
| Miscellaneous  | (1,455)              | -                         | (1,455)          | (2,025)                            |
| Property management  | (18,084)             | -                         | (18,084)         | (21,180)                           |
| Property taxes   | (30,697)             | -                         | (30,697)         | (30,223)                           |
| Repairs and maintenance  | (9,329)              | -                         | (9,329)          | (6,591)                            |
| Utilities  | (10,024)             | -                         | (10,024)         | (10,032)                           |
|  | <u>8,291</u>         | <u>-</u>                  | <u>8,291</u>     | <u>5,720</u>                       |
| <b>EXCESS OF REVENUE OVER<br/>EXPENSES</b>                     | <u>\$ 75,127</u>     | <u>\$ -</u>               | <u>\$ 75,127</u> | <u>\$ 7,790</u>                    |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2013**

|  | General<br>Fund   | Invested in<br>Capital Assets | Endowment<br>Funds<br>(Note 11) | <b>2013</b>         | 2012                |
|--|-------------------|-------------------------------|---------------------------------|---------------------|---------------------|
| <b>NET ASSETS -<br/>BEGINNING OF<br/>YEAR as<br/>previously<br/>reported</b> | \$ 258,661        | \$ 353,925                    | \$ 700,310                      | <b>\$ 1,312,896</b> | \$ 1,305,106        |
| Correction of<br>accounting error<br>(Note 14)                               | 21,271            | -                             | -                               | <b>21,271</b>       | 21,271              |
| As restated  | 279,932           | 353,925                       | 700,310                         | <b>1,334,167</b>    | 1,326,377           |
| Excess of revenue<br>over expenses   | 93,194            | (18,067)                      | -                               | <b>75,127</b>       | 7,790               |
| <b>NET ASSETS - END<br/>OF YEAR</b>  | <b>\$ 373,126</b> | <b>\$ 335,858</b>             | <b>\$ 700,310</b>               | <b>\$ 1,409,294</b> | <b>\$ 1,334,167</b> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Statement of Cash Flows**  
**Year Ended March 31, 2013**

|   | <b>2013</b>       | 2012       |
|---|-------------------|------------|
| <b>OPERATING ACTIVITIES</b>                   |                   |            |
| Cash receipts from tenants and donors         | <b>\$ 265,775</b> | \$ 231,111 |
| Cash paid to suppliers and employees          | <b>(185,118)</b>  | (309,038)  |
| Investment income received                    | <b>37,568</b>     | 17,364     |
|   | <hr/>             | <hr/>      |
| Cash flow from (used by) operating activities | <b>118,225</b>    | (60,563)   |
| <b>INVESTING ACTIVITIES</b>                   |                   |            |
| Purchase of equipment                         | -                 | (2,405)    |
| Purchase of investments                       | <b>(330,665)</b>  | (117,365)  |
| Proceeds on disposal of investments           | <b>325,608</b>    | 92,658     |
| Decrease (increase) in investment cash        | <b>(122,147)</b>  | 58,748     |
|   | <hr/>             | <hr/>      |
| Cash flow from (used by) investing activities | <b>(127,204)</b>  | 31,636     |
| <b>DECREASE IN CASH FLOW</b>                  | <b>(8,979)</b>    | (28,927)   |
| Cash - beginning of year                      | <b>204,534</b>    | 233,461    |
|   | <hr/>             | <hr/>      |
| <b>CASH - END OF YEAR</b>                     | <b>\$ 195,555</b> | \$ 204,534 |
|   | <hr/>             | <hr/>      |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

# SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

## Notes to Financial Statements

Year Ended March 31, 2013

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### 1. DESCRIPTION OF OPERATIONS

The Sackville Memorial Hospital Foundation Inc. is incorporated under the laws of the Province of New Brunswick and its principle activities include receiving donations and bequests for the Sackville Memorial Hospital, a division of Regional Health Authority B, Province of New Brunswick (RHA - B). The Foundation also operates the Tantramar Community Health Centre. The Foundation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

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### 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 and include the following significant accounting policies:

#### Revenue recognition and fund accounting

Sackville Memorial Hospital Foundation Inc. follows the deferral method of accounting for contributions.

The General Fund recognizes as income unrestricted donations received. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Investment income is recognized in the General Fund when it is earned. Rental income is recognized as services are rendered. Costs incurred in the administration of the Foundation are expensed in this fund.

The Endowment fund recognizes as income bequests and donations made with restrictions on the principle by the donor and investments identified for endowment by the board. The fund is invested in accordance with the Foundation's investment policy. Income from the Endowment Fund is recognized in the General Fund and used at the discretion of the Board, unless otherwise restricted by the donor.

Restricted investment income from the Rand Memorial Gerontology Education Fund and the R.V. Bennett IV Trust is recognized as revenue of the Endowment Fund when earned.

#### Financial instruments policy

The Foundation measures its financial assets and financial liabilities at fair value. Changes in fair value are recognized in the statement of revenues and expenditures.

Financial assets measured at fair value include cash, accounts receivable, restricted cash, and investments.

Financial liabilities measured at fair value include accounts payable.

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**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2013**

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

Donated goods and services

Donated goods are not recognized in the financial statements but are receipted at their fair market value at the time of the donation if fair value can be reasonably estimated. During the year \$0 in donated goods were receipted. (2012 - \$0).

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.

Land, building and equipment

Land, building and equipment are stated at cost or deemed cost less accumulated amortization. Building and equipment are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

|              |          |                      |
|--------------|----------|----------------------|
| Land         |          | non-amortizable      |
| Building     | 40 years | straight-line method |
| Equipment    | 10 years | straight-line method |
| Works of art |          | non-amortizable      |

The Foundation regularly reviews its land, building and equipment to eliminate obsolete items.

Measurement uncertainty

The preparation of financial statements in conformity with Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of building and equipment. Actual results could differ from these estimates.

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3. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the Foundation adopted accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. The changes have been applied retrospectively, resulting in changes to beginning equity and restatement of certain assets and liabilities as described below.

- a) The Foundation has elected upon transition to the new standards to measure all financial instruments previously classified as "Held for Trading", at fair market value. These financial instruments (Note 4) will continue to be carried at fair value and future changes in fair value reported on the statement of revenues and expenditures. No restatement was required as a result of this election.

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**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2013**

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3. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS *(continued)*

b) The statement of financial position at April 1, 2011 has no restatements.

|  | <u>April 1<br/>2011</u> |
|--|-------------------------|
| <b>ASSETS</b>                            |                         |
| CURRENT                                  |                         |
| Cash                                     | \$ 233,461              |
| Short term investments                   | 73,692                  |
| Accounts receivable                      | 8,022                   |
| Accrued interest                         | 14,257                  |
| Prepaid expenses                         | <u>25,276</u>           |
|  | 354,708                 |
| LONG TERM                                |                         |
| Long term investments                    | 826,478                 |
| Restricted cash                          | 23,637                  |
| Land, building and equipment             | <u>369,467</u>          |
|  | <u>\$ 1,574,290</u>     |
| <b>LIABILITIES</b>                       |                         |
| CURRENT                                  |                         |
| Accounts payable and accrued liabilities | \$ 185,185              |
| Government remittances payable           | 8,079                   |
| Deferred contributions                   | 52,024                  |
| Deferred rent                            | <u>2,625</u>            |
|  | <u>247,913</u>          |
|  | 247,913                 |
| <b>NET ASSETS</b>                        |                         |
| General Fund                             | 256,600                 |
| Invested in capital assets               | 369,467                 |
| Externally restricted net assets         | 23,832                  |
| Internally restricted net assets         | <u>676,478</u>          |
|  | <u>1,326,377</u>        |
|  | <u>\$ 1,574,290</u>     |

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2013**

4. INVESTMENTS

|                              | General Fund | Endowment Fund | Total      |
|------------------------------|--------------|----------------|------------|
| <u>2013</u>                  |              |                |            |
| Cash                         | \$ 126,480   | \$ -           | \$ 126,480 |
| Fixed income                 | 150,000      | 270,474        | 420,474    |
| Less: Short term investments | (276,480)    | (255,002)      | (531,482)  |
|                              | -            | 15,472         | 15,472     |
| Equity                       | -            | 466,537        | 466,537    |
| Total long term investments  | \$ -         | \$ 482,009     | \$ 482,009 |
| <u>2012</u>                  |              |                |            |
| Cash                         | \$ 4,333     | \$ -           | \$ 4,333   |
| Fixed income                 | 150,000      | 346,928        | 496,928    |
| Less: Short term investments | (154,333)    | (153,000)      | (307,333)  |
|                              | -            | 193,928        | 193,928    |
| Equity                       | -            | 351,245        | 351,245    |
| Total long term investments  | \$ -         | \$ 545,173     | \$ 545,173 |

All investments are measured at fair value. Fixed income investments have maturity dates between October 2013 and July 2022, and bear interest at rates ranging from 1.2% to 9.5%. (2012 - maturity dates between April 2012 and July 2022, and bear interest at rates ranging from 1.0% to 9.65%)

5. ACCOUNTS RECEIVABLE

|                                 | 2013     | 2012     |
|---------------------------------|----------|----------|
| Accounts receivable             | \$ 2,309 | \$ 1,108 |
| Accrued interest                | 17,674   | 25,132   |
| Government receivables          | -        | 25,000   |
| Allowance for doubtful accounts | -        | -        |
| Net accounts receivable         | 19,983   | 51,240   |

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 tenants. In order to reduce its credit risk, the Foundation has contracted out the collection of rent. The property management company is liable for uncollected rent. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. All receivables were either received subsequent to year end, or arrangements have been made for collection.

6. RESTRICTED CASH

Restricted cash includes \$16,173 cash restricted for expenditures relating to the Rand Memorial Gerontology Education Fund, and \$7,464 cash held in the R. V. Bennett Trust.

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2013**

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7. LAND, BUILDING AND EQUIPMENT

|              | Cost              | Accumulated<br>amortization | 2013<br>Net book<br>value |
|--------------|-------------------|-----------------------------|---------------------------|
| Land         | \$ 8,567          | \$ -                        | \$ 8,567                  |
| Building     | 713,044           | 395,131                     | 317,913                   |
| Equipment    | 18,260            | 16,215                      | 2,045                     |
| Works of art | 7,334             | -                           | 7,334                     |
|              | <u>\$ 747,205</u> | <u>\$ 411,346</u>           | <u>\$ 335,859</u>         |

  

|              | Cost              | Accumulated<br>amortization | 2012<br>Net book<br>value |
|--------------|-------------------|-----------------------------|---------------------------|
| Land         | \$ 8,567          | \$ -                        | \$ 8,567                  |
| Building     | 713,044           | 377,305                     | 335,739                   |
| Equipment    | 18,260            | 15,975                      | 2,285                     |
| Works of art | 7,334             | -                           | 7,334                     |
|              | <u>\$ 747,205</u> | <u>\$ 393,280</u>           | <u>\$ 353,925</u>         |

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8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

|                                | 2013             | 2012             |
|--------------------------------|------------------|------------------|
| Trade accounts payable         | \$ 66,386        | \$ 22,831        |
| Government remittances payable | 9,307            | 14,359           |
|                                | <u>\$ 75,693</u> | <u>\$ 37,190</u> |

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**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.****Notes to Financial Statements****Year Ended March 31, 2013****9. DEFERRED CONTRIBUTIONS**

|                           | Opening<br>balance | Contributions<br>received | Recognized<br>as revenue<br>/expenditures | Ending<br>balance |
|---------------------------|--------------------|---------------------------|---|-------------------|
| <u>2013</u>               |                    |                           |   |                   |
| It's the Way We Operate   | \$ -               | \$ 13,625                 | \$ -                                      | \$ 13,625         |
| The More We See           | 49,433             | 60,713                    | 62,520                                    | 47,626            |
| We Want to See You Better | -                  | 12,000                    | 12,000                                    | -                 |
| Extra Mural               | 10,133             | 8,100                     | 1,537                                     | 16,696            |
| Donate for Dignity        | 3,608              | 20                        | -   | 3,628             |
| Healthy Returns           | 38,128             | 2,600                     | 32,380                                    | 8,348             |
| Give Comfort              | 6,588              | 2,665                     | 1,650                                     | 7,603             |
| Port Elgin Health Centre  | 6,505              | 300                       | 797                                       | 6,008             |
|                           | <u>\$ 114,395</u>  | <u>\$ 100,023</u>         | <u>\$ 110,884</u>                         | <u>\$ 103,534</u> |
| <u>2012</u>               |                    |                           |   |                   |
| The More We See           | \$ 675             | \$ 48,758                 | \$ -                                      | \$ 49,433         |
| We Want to See You Better | -                  | 23,094                    | 23,094                                    | -                 |
| Extra Mural               | 14,492             | 2,800                     | 7,159                                     | 10,133            |
| Donate for Dignity        | 3,608              | -                         | -   | 3,608             |
| Healthy Returns           | 25,048             | 13,080                    | -   | 38,128            |
| Give Comfort              | 5,373              | 1,215                     | -   | 6,588             |
| Port Elgin Health Centre  | 2,828              | 3,949                     | 272                                       | 6,505             |
|                           | <u>\$ 52,024</u>   | <u>\$ 92,896</u>          | <u>\$ 30,525</u>                          | <u>\$ 114,395</u> |

**10. COMMITMENTS**

(a) The Foundation has agreed to fund the purchase of equipment for the Sackville Memorial Hospital at an estimated cost of \$100,000 in the 2014 fiscal year.

(b) The Foundation has agreed to fund the purchase of equipment for the Port Elgin and Region Health Centre at a cost of \$2,580.

(c) The Foundation has agreed to fund the installation for equipment that already been funded. The cost is estimated to be no more than \$20,000.

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2013**

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11. CONTRACTUAL OBLIGATIONS

The Foundation, as landlord, has entered into contractual agreements for rental of space in the Tantramar Community Health Centre and has signed leases as follows:

Rental revenue:

|            |    |        |
|------------|----|--------|
| 2014       | \$ | 82,460 |
| 2015       |    | 76,030 |
| 2016       |    | 45,650 |
| 2017       |    | 23,700 |
| 2018       |    | 21,600 |
| Thereafter |    | 3,600  |

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12. CHARITABLE EXPENDITURES

|                               | <b>2013</b>       | <b>2012</b> |
|-------------------------------|-------------------|-------------|
| The More we see Disbursements | <b>\$ 62,520</b>  | \$ -        |
| We Want to See You Better     | -                 | 42,995      |
| Port Elgin Health Centre      | <b>797</b>        | 272         |
| Bursaries                     | <b>1,000</b>      | 1,000       |
| Extra Mural Purchases         | <b>1,537</b>      | 7,159       |
| Give Comfort Campaign         | <b>1,650</b>      | -           |
| Donations to Horizon Health   | <b>2,983</b>      | -           |
| Staff education               | <b>6,000</b>      | 6,000       |
| Non-campaign disbursements    | <b>6,825</b>      | 4,725       |
| Healthy Returns Campaign      | <b>32,380</b>     | -           |
|                               | <b>\$ 115,692</b> | \$ 62,151   |

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13. RECEIPTED DONATIONS

The total value of donation receipts issued during the year was \$103,661 (2012 - \$104,893).

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14. CORRECTION OF ACCOUNTING ERROR

Deferred contributions for the Healthy Returns campaign were not reduced to reflect equipment purchases related to the campaign prior to 2010. As a result, deferred contributions were overstated. To correct the error, opening net assets of the general fund have been increased by \$21,271 and deferred contributions have been decreased by the same amount.

# SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

## Notes to Financial Statements

Year Ended March 31, 2013

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### 15. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. To manage these risks, the Foundation had adopted an investment policy that limits its holdings in classes of investments. As at March 31, 2013, the Foundation was not in compliance with the policy (as at March 31, 2012, the Foundation was in compliance with the policy). The following analysis provides information about the Foundation's significant risk exposure and concentration as of March 31, 2013 and 2012

#### 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 exposed to all three risks on its investment portfolio.

#### Currency risk

Currency risk is the risk to the Foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is exposed to foreign currency exchange risk on cash and investments held in U.S. dollars. The Foundation does not use derivative instruments to reduce its exposure to foreign currency risk. Total holdings in US dollars at March 31, 2013 was \$32,092 (2012 - \$31,725).

#### 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. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal investing activities. The Foundation is exposed to interest rate risk primarily through its investment in fixed income investments.

#### 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 equities.

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### 16. COMPARATIVE FIGURES

Certain of the comparative figures presented for 2012 have been reclassified to conform to the current year's presentation.

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**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.****Statement of Financial Position****(Schedule 1)****As at March 31, 2012**

|   | General Fund | Endowment Fund | Total        |
|---|--------------|----------------|--------------|
| <b>ASSETS</b>                                     |              |                |              |
| <b>CURRENT</b>                                    |              |                |              |
| Cash and cash equivalents                         | \$ 204,534   | \$ -           | \$ 204,534   |
| Short term investments (Note 4)                   | 154,333      | 153,000        | 307,333      |
| Accounts receivable (Note 5)                      | 51,240       | -              | 51,240       |
| Prepaid expenses                                  | 2,670        | -              | 2,670        |
|   | 412,777      | 153,000        | 565,777      |
| LONG TERM INVESTMENTS (Note 4)                    | -            | 545,173        | 545,173      |
| RESTRICTED CASH (Note 6)                          | -            | 23,637         | 23,637       |
| LAND, BUILDING AND EQUIPMENT (Note 7)             | 353,925      | -              | 353,925      |
| DUE BETWEEN FUNDS                                 | 21,500       | (21,500)       | -            |
|   | \$ 788,202   | \$ 700,310     | \$ 1,488,512 |
| <b>LIABILITIES AND NET ASSETS</b>                 |              |                |              |
| <b>CURRENT</b>                                    |              |                |              |
| Accounts payable and accrued liabilities (Note 8) | \$ 37,190    | \$ -           | \$ 37,190    |
| Deferred contributions (Note 9)                   | 114,395      | -              | 114,395      |
| Deferred rent                                     | 2,760        | -              | 2,760        |
|   | 154,345      | -              | 154,345      |
| <b>NET ASSETS</b>                                 |              |                |              |
| General fund                                      | 279,932      | -              | 279,932      |
| Invested in capital assets                        | 353,925      | -              | 353,925      |
| Externally restricted net assets                  | -            | 23,637         | 23,637       |
| Internally restricted net assets                  | -            | 676,673        | 676,673      |
|   | 633,857      | 700,310        | 1,334,167    |
|   | \$ 788,202   | \$ 700,310     | \$ 1,488,512 |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.****Statement of Revenues and Expenditures****(Schedule 2)****Year Ended March 31, 2012**

|  | General Fund    | Endowment Fund | Total           |
|--|-----------------|----------------|-----------------|
| <b>REVENUE</b>   |                 |                |                 |
| Restricted Contributions (Note 9)                      | \$ 30,525       | \$ -           | \$ 30,525       |
| Unrestricted contributions                             | 39,591          | -              | 39,591          |
| Government contributions                               | 20,000          | -              | 20,000          |
| Investment income                                      | 28,235          | -              | 28,235          |
| Gains (losses) on disposal of investments              | 5,617           | -              | 5,617           |
| Unrealized gains (losses) on investments               | (19,240)        | -              | (19,240)        |
|  | <u>104,728</u>  | <u>-</u>       | <u>104,728</u>  |
| <b>EXPENSES</b>  |                 |                |                 |
| Administrative services                                | 10,073          | -              | 10,073          |
| Charitable expenditures (Note 12)                      | 62,151          | -              | 62,151          |
| Communication  | 13,397          | -              | 13,397          |
| Foundation Focus newsletter                            | 416             | -              | 416             |
| Fundraising expenses                                   | 8,484           | -              | 8,484           |
| Interest and bank charges                              | 1,761           | -              | 1,761           |
| Liability insurance                                    | 1,136           | -              | 1,136           |
| Office supplies  | 953             | -              | 953             |
| Professional fees                                      | 4,287           | -              | 4,287           |
|  | <u>102,658</u>  | <u>-</u>       | <u>102,658</u>  |
| <b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b> |                 |                |                 |
|  | <u>2,070</u>    | <u>-</u>       | <u>2,070</u>    |
| <b>TANTRAMAR COMMUNITY HEALTH CENTRE</b>               |                 |                |                 |
| Rental income  | 96,575          | -              | 96,575          |
| Amortization   | (17,946)        | -              | (17,946)        |
| Insurance  | (2,204)         | -              | (2,204)         |
| Interest and bank charges                              | (654)           | -              | (654)           |
| Miscellaneous  | (2,025)         | -              | (2,025)         |
| Property management                                    | (21,180)        | -              | (21,180)        |
| Property taxes   | (30,223)        | -              | (30,223)        |
| Repairs and maintenance                                | (6,591)         | -              | (6,591)         |
| Utilities  | (10,032)        | -              | (10,032)        |
|  | <u>5,720</u>    | <u>-</u>       | <u>5,720</u>    |
| <b>EXCESS OF REVENUE OVER EXPENSES</b>                 |                 |                |                 |
|  | <u>\$ 7,790</u> | <u>\$ -</u>    | <u>\$ 7,790</u> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Statement of Changes in Net Assets**

*(Schedule 3)*

**Year Ended March 31, 2012**

|  | General<br>Fund | Invested in<br>Capital Assets | Endowment<br>Funds | Total            |
|--|-----------------|-------------------------------|--------------------|------------------|
| <b>NET ASSETS - BEGINNING<br/>OF YEAR as previously<br/>reported</b> | \$ 235,329      | \$ 369,467                    | \$ 700,310         | \$ 1,305,106     |
| Correction of accounting<br>error <i>(Note 13)</i>                   | 21,271          | -                             | -                  | <b>21,271</b>    |
| As restated  | 256,600         | 369,467                       | 700,310            | <b>1,326,377</b> |
|  |                 |                               |                    | -                |
| Excess of revenue over<br>expenses                                   | 25,736          | (17,946)                      | -                  | <b>7,790</b>     |
| Purchase of capital asset  | (2,404)         | 2,404                         | -                  | -                |
| <b>NET ASSETS - END OF<br/>YEAR</b>                                  | \$ 279,932      | \$ 353,925                    | \$ 700,310         | \$ 1,334,167     |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS