

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Financial Statements**

**Year Ended March 31, 2012**

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**  
**Index to Financial Statements**  
**Year Ended March 31, 2012**

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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 statement of financial position as at March 31, 2012 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations and fundraising 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, these financial statements present fairly, in all material respects, the financial position of Sackville Memorial Hospital Foundation Inc. as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Amherst, Nova Scotia  
June 13, 2012

CHARTERED ACCOUNTANTS

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Statement of Financial Position**

**March 31, 2012**

	General Fund 2012	Endowment Fund 2012	Total 2012	Total 2011
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash and cash equivalents	\$ 208,867	\$ -	\$ 208,867	\$ 296,542
Short term investments (Note 4)	150,000	153,000	<b>303,000</b>	10,611
Accounts receivable	26,107	-	<b>26,107</b>	8,022
Accrued interest	25,132	-	<b>25,132</b>	14,257
Prepaid expenses	2,670	-	<b>2,670</b>	25,276
	<u>412,776</u>	<u>153,000</u>	<u><b>565,776</b></u>	<u>354,708</u>
LONG TERM INVESTMENTS (Note 5)	-	545,173	<b>545,173</b>	826,478
RESTRICTED CASH (Note 6)	-	23,637	<b>23,637</b>	23,637
LAND, BUILDING AND EQUIPMENT (Note 7)	353,925	-	<b>353,925</b>	369,467
DUE BETWEEN FUNDS	21,500	(21,500)	-	-
	<u>\$ 788,201</u>	<u>\$ 700,310</u>	<u>\$ 1,488,511</u>	<u>\$ 1,574,290</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities	\$ 37,190	\$ -	\$ 37,190	\$ 193,265
Deferred contributions (Note 8)	135,666	-	<b>135,666</b>	73,295
Deferred rent	2,760	-	<b>2,760</b>	2,625
	<u>175,616</u>	<u>-</u>	<u><b>175,616</b></u>	<u>269,185</u>
<b>NET ASSETS</b>				
General fund (Note 9)	258,660	-	<b>258,660</b>	235,328
Invested in capital assets	353,925	-	<b>353,925</b>	369,467
Externally restricted net assets	-	23,637	<b>23,637</b>	23,832
Internally restricted net assets	-	676,673	<b>676,673</b>	676,478
	<u>612,585</u>	<u>700,310</u>	<u><b>1,312,895</b></u>	<u>1,305,105</u>
	<u>\$ 788,201</u>	<u>\$ 700,310</u>	<u>\$ 1,488,511</u>	<u>\$ 1,574,290</u>

COMMITMENTS (Note 10)

CONTRACTUAL OBLIGATIONS (Note 11)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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

	General Fund 2012	Endowment Fund 2012	Total 2012	Total 2011
<b>REVENUE</b>				
Restricted contributions (Note 8)	\$ 30,525	\$ -	\$ 30,525	\$ 128,141
Unrestricted contributions	39,591	-	39,591	21,127
Government contributions	20,000	-	20,000	20,000
Investment income	33,852	-	33,852	27,965
Unrealized gains (losses) on investments	(19,240)	-	(19,240)	33,101
	<u>104,728</u>	<u>-</u>	<u>104,728</u>	<u>230,334</u>
<b>EXPENSES</b>				
Administrative services	10,073	-	10,073	5,506
Charitable expenditures (Note 12)	62,151	-	62,151	195,261
Foundation Focus newsletter	416	-	416	3,119
Fundraising expenses	8,484	-	8,484	-
Interest and bank charges	1,761	-	1,761	1,122
Liability insurance	1,136	-	1,136	1,091
Communication	13,397	-	13,397	2,745
Office supplies	953	-	953	579
Professional fees	4,287	-	4,287	4,066
	<u>102,658</u>	<u>-</u>	<u>102,658</u>	<u>213,489</u>
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<u>2,070</u>	<u>-</u>	<u>2,070</u>	<u>16,845</u>
<b>TANTRAMAR COMMUNITY HEALTH CENTRE</b>				
Rental income	96,575	-	96,575	98,345
Amortization	(17,946)	-	(17,946)	(17,826)
Bad debt expense	-	-	-	(455)
Property management	(21,180)	-	(21,180)	(21,659)
Insurance	(2,204)	-	(2,204)	(2,034)
Interest and bank charges	(654)	-	(654)	(546)
Miscellaneous	(2,025)	-	(2,025)	(1,678)
Property taxes	(30,223)	-	(30,223)	(29,673)
Repairs and maintenance	(6,591)	-	(6,591)	(10,439)
Utilities	(10,032)	-	(10,032)	(9,236)
	<u>5,720</u>	<u>-</u>	<u>5,720</u>	<u>4,799</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 7,790</u>	<u>\$ -</u>	<u>\$ 7,790</u>	<u>\$ 21,644</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2012**

	General Fund	Invested in Capital Assets	Endowment Funds (Note 11)	<b>2012</b>	2011
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 235,328	\$ 369,467	\$ 700,310	<b>\$ 1,305,105</b>	\$ 1,283,379
Excess of revenue over expenses	25,736	(17,946)	-	<b>7,790</b>	21,644
Purchase of capital assets	(2,404)	2,404	-	-	-
Endowment donations - R.V. Bennett I.V. Trust	-	-	-	-	82
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 258,660</b>	<b>\$ 353,925</b>	<b>\$ 700,310</b>	<b>\$ 1,312,895</b>	<b>\$ 1,305,105</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Statement of Cash Flows  
Year Ended March 31, 2012**

	<b>2012</b>	2011
<b>OPERATING ACTIVITIES</b>		
Cash receipts from tenants and donors	<b>\$ 231,112</b>	\$ 220,358
Cash paid to suppliers and employees	<b>(309,036)</b>	(150,288)
Investment income received	<b>17,360</b>	17,908
Cash flow from (used by) operating activities	<b>(60,564)</b>	87,978
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	<b>(2,405)</b>	-
Purchase of investments	<b>(117,365)</b>	(226,567)
Proceeds on disposal of investments	<b>92,659</b>	146,981
Cash flow used by investing activities	<b>(27,111)</b>	(79,586)
<b>FINANCING ACTIVITY</b>		
Proceeds from R.V. Bennett Trust	<b>-</b>	82
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(87,675)</b>	8,474
Cash - beginning of year	<b>296,542</b>	288,068
<b>CASH - END OF YEAR</b>	<b>\$ 208,867</b>	\$ 296,542

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

# SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

## Notes to Financial Statements

Year Ended March 31, 2012

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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

#### Revenue recognition and fund accounting

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

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

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Investment income is recognized as revenue of the general fund when earned. 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.

Rental income is recognized as services are rendered.

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.

#### Investments

Investments are classified as held for trading and are recorded at fair value. In determining fair values, adjustments have not been made for commissions and fees on purchase and sale because these transaction costs are considered to be material. The fair market value of investments is recorded based on the quoted market value.

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**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2012**

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

Land, building and equipment

Land, building and equipment are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Land		non-depreciable
Building	2.5%	straight-line method
Equipment	10%	straight-line method
Works of art		non-depreciable

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

Statement of cash flow

For the purpose of the statement of cash flows the company considers cash on hand and balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash and cash equivalents. Bank borrowings are considered to be financing activities.

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. (2011 - \$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.

Financial Instruments

The Foundation elects to disclose its exposure to risk and its risk management policies in accordance with CICA 3861, Financial Instruments - Presentation and Disclosure. This is in accordance with HB 3862.43C.

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# SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

## Notes to Financial Statements

Year Ended March 31, 2012

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### 3. INVESTMENT POLICIES

Expendable Fund Investment Policy:

The objective is to preserve capital and provide a reasonable rate of return, measured against appropriate benchmarks, while investing in liquid instruments. All ratings are to be as by the Dominion Bond Rating Service, or a similar rating by another recognized investment rating agency.

Eligible investments include:

- a) Investments issued by the Canadian government or its agencies.
- b) Investments issued by a federally chartered schedule I bank, or by the government of any province of Canada, with a commercial paper rating of R-1 Low or better, or a bond rating of A or better.
- c) Investments issued by a federally chartered schedule II bank, with a commercial paper rating of R-1 Middle or better, or a bond rating of AA or better.
- d) Investments issued by a municipality in Canada, with a commercial paper rating of R-1 High, or a bond rating of AAA.
- e) Investments issued by corporations, with a commercial paper rating of R-1 High, or a bond rating of AAA.
- f) Money market funds or other similar funds consisting of the above eligible investments

The combined maximum of category c, d and e eligible investments is 50% of market value of Expendable Funds' holdings. The maximum of category d eligible investments is 25%

Endowment Funds Investment Policy

The objective is to achieve long term capital appreciation with a low risk of loss of capital.

- a) The Foundation will not invest in illiquid investments.
- b) The Foundation's investments will be diversified by type of investment, industry and geographic sector.
- c) Mutual funds, exchange traded funds and similar investments are allowable.

The investment asset mix, as measured by market value of Endowed Investments, will be at the discretion of the Investment Manager and constrained by the following:

Fixed income - minimum 50%, maximum 85%. No fixed income investment shall exceed 10% of the fixed income component of the portfolio without the consent of the Finance Committee. Fixed income eligible investments shall be those allowed by the Expendable Fund Investment Policy.

Equity - minimum 15%, maximum 50%. Equity investments shall be those securities traded on the TSX, New York Stock Exchange or London Stock Exchange. No equity investment in one company will exceed 10% of the equity component of the portfolio without the consent of the Finance Committee.

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### 4. SHORT TERM INVESTMENTS

The unrestricted short term investments consist of guaranteed investment certificates bearing interest at 2.25% and maturing in March 2013.

The endowment short term investments consist of guaranteed investment certificates bearing interest from 1% to 2% and maturing between April 2012 and March 2013.

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**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2012**

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5. LONG TERM INVESTMENTS

	<u>2012</u>	<u>2011</u>
Publicly traded common shares	351,245	310,360
Fixed income	193,928	346,658
Investment trusts	-	19,460
Grand total	<u>\$ 545,173</u>	<u>\$ 826,478</u>

Fixed income investments internally restricted for endowment include guaranteed investment certificates and corporate and government bonds bearing interest at rates from 3.1% to 9.65%, with maturity dates from October, 2013 to July, 2022.

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6. RESTRICTED CASH

	<u>2012</u>	<u>2011</u>
Cash	<u>\$ 23,637</u>	<u>\$ 23,637</u>

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.

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7. LAND, BUILDING AND EQUIPMENT

	Cost	Accumulated amortization	<b>2012 Net book value</b>	2011 Net book value
Land	\$ 8,567	\$ -	\$ 8,567	\$ 8,567
Building	713,044	377,305	335,739	353,566
Equipment	18,260	15,975	2,285	-
Works of art	7,334	-	7,334	7,334
	<u>\$ 747,205</u>	<u>\$ 393,280</u>	<u>\$ 353,925</u>	<u>\$ 369,467</u>

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2012**

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8. DEFERRED CONTRIBUTIONS

	Opening balance	Contributions received	Expenditures/ Recognized revenue	2012	2011
The More We See We Want to See You Better	\$ 675	\$ 48,758	\$ -	\$ 49,433	\$ 675
Extra Mural	-	23,094	23,094	-	-
Donate for Dignity	14,492	2,800	7,159	10,133	14,492
Healthy Returns	3,608	-	-	3,608	3,608
Give Comfort	46,320	13,080	-	59,400	46,320
Port Elgin Health Centre	5,373	1,215	-	6,588	5,373
	2,827	3,949	272	6,504	2,827
	<u>\$ 73,295</u>	<u>\$ 92,896</u>	<u>\$ 30,525</u>	<u>\$ 135,666</u>	<u>\$ 73,295</u>

Deferred contributions consist of contributions received for specific purposes, for which the related expenses have not been incurred as of year end.

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9. MANAGEMENT OF NET ASSETS

The Foundation's objective in managing its net assets is to remain a sustainable operation while fulfilling its overall mission of raising funds and administering its resources to preserve, maintain and enhance the quality of health care in the Tantramar region. It achieves its objective by strong day-to-day management of its cash flows, and by regularly monitoring revenues and expenditures against its annual budget. When necessary, the Foundation takes prompt action to reduce expenditures or curtail programs when actual revenues do not meet its budget and alternate sources of revenue cannot be found.

As of March 31, 2012, the Foundation was in compliance with all externally imposed donor restrictions.

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10. COMMITMENTS

(a) The Foundation has committed to an expenditure of \$995 per month for property management services, until January, 2013.

(b) The Foundation has agreed to fund the purchase of equipment for the Sackville Memorial Hospital at an estimated cost of \$100,000 in the 2013 fiscal year.

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**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2012**

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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:

2013	\$	98,910
2014		65,660
2015		55,170
2016		24,050
2017		2,100

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12. CHARITABLE EXPENDITURES

	<u>2012</u>	<u>2011</u>
We Want to See You Better	\$ 42,994	\$ 171,979
Non-campaign disbursements	4,726	12,500
Staff education	6,000	6,000
Donations to Horizon Health	-	2,500
Extra Mural Purchases	7,159	1,282
Bursaries	1,000	1,000
Port Elgin Health Centre	272	-
	<u>\$ 62,151</u>	<u>\$ 195,261</u>

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13. RECEIPTED DONATIONS

The total value of donation receipts issued during the year was \$104,893.08 (2011 - \$85,468).

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14. FINANCIAL INSTRUMENTS

Credit Risk

Receivables consist primarily of balances due from tenants and government contributions receivable. The Foundation's Board believes its credit risk is low given its collection history.

Fair Value

The estimated fair value of cash, short term investments, accounts receivable, accrued interest, long term investments and accounts payable and accrued liabilities approximates carrying value due to the relatively short term nature of these financial instruments.

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15. COMPARATIVE FIGURES

Certain of the comparative figures presented for 2011 have been reclassified to conform to the current year's presentation.