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**The Chalmers Regional  
Hospital Foundation Inc.  
Financial Statements**  
December 31, 2006

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## Auditors' Report

To the Directors of  
**The Chalmers Regional Hospital Foundation Inc.**

We have audited the statement of financial position of **The Chalmers Regional Hospital Foundation Inc.** as at December 31, 2006 and the statements of operations and changes in fund balances 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 contributions from the general public, the completeness of which is not susceptible to 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 contribution revenues, excess of revenue over expenses, assets and fund balances.

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 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, 2006 and the results of its operations and changes in fund balances and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

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Chartered Accountants

Fredericton, NB  
March 26, 2007

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# The Chalmers Regional Hospital Foundation Inc.

## Statement of Operations and Changes in Fund Balances

Year Ended December 31,

	Unrestricted Fund	Restricted Funds	Endowment Funds	Total 2006	Total 2005
Revenue					
Contributions	\$ 49,713	\$ 444,259	\$ 67,721	<b>\$ 561,693</b>	\$740,746
Investment income (net) (Note 7)	168,978	85,158	31,192	<b>285,328</b>	308,671
Health Blooms - net (Note 9)	<u>-</u>	<u>263,790</u>	<u>-</u>	<b><u>263,790</u></b>	<u>217,652</u>
	<u>218,691</u>	<u>793,207</u>	<u>98,913</u>	<b><u>1,110,811</u></b>	<u>1,267,069</u>
Expenses					
Fund raising (Note 10)	203,753	-	-	<b>203,753</b>	185,269
Administration (Note 11)	54,416	-	-	<b>54,416</b>	44,109
Planned giving (Note 12)	<u>15,052</u>	<u>-</u>	<u>-</u>	<b><u>15,052</u></b>	<u>32,364</u>
	<u>273,221</u>	<u>-</u>	<u>-</u>	<b><u>273,221</u></b>	<u>261,742</u>
(Deficiency) excess of revenue over expenses before the undernoted	<u>(54,530)</u>	<u>793,207</u>	<u>98,913</u>	<b><u>837,590</u></b>	<u>1,005,327</u>
Distribution to Dr. Everett Chalmers Regional Hospital equipment and programs	<u>-</u>	<u>356,336</u>	<u>-</u>	<b><u>356,336</u></b>	<u>1,083,540</u>
(Deficiency) excess of revenue over expenses	(54,530)	436,871	98,913	<b>481,254</b>	(78,213)
Fund balance, beginning of year	<u>756,827</u>	<u>1,685,001</u>	<u>2,578,634</u>	<b><u>5,020,462</u></b>	<u>5,098,675</u>
Fund balance, end of year	<b><u>\$ 702,297</u></b>	<b><u>\$ 2,121,872</u></b>	<b><u>\$2,677,547</u></b>	<b><u>\$5,501,716</u></b>	<b><u>\$5,020,462</u></b>

See accompanying notes to the financial statements.

# The Chalmers Regional Hospital Foundation Inc.

## Statement of Financial Position

December 31,

	Unrestricted Fund	Restricted Funds	Endowment Funds	Total 2006	Total 2005
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 310,662	\$ -	\$ -	<b>\$ 310,662</b>	\$ 120,938
Receivables	9,301	-	-	<b>9,301</b>	8,698
Accrued interest receivable	-	24,198	-	<b>24,198</b>	22,771
Contributions receivable	-	<u>120,665</u>	-	<b><u>120,665</u></b>	<u>96,223</u>
	319,963	144,863	-	<b>464,826</b>	248,630
Investments (Note 3)	430,707	1,944,009	2,677,547	<b>5,052,263</b>	4,751,697
Long-term contributions receivable	-	33,000	-	<b>33,000</b>	34,200
Computer software (Note 8)	-	-	-	-	<u>13,235</u>
	<u>\$ 750,670</u>	<u>\$2,121,872</u>	<u>\$2,677,547</u>	<b><u>\$5,550,089</u></b>	<u>\$ 5,047,762</u>
<b>Liabilities and fund balances</b>					
Current liabilities					
Payables and accruals	\$ 48,373	\$ -	\$ -	<b>\$ 48,373</b>	\$ 27,300
Fund balances (Note 4)	702,297	2,121,872	2,677,547	<b>5,501,716</b>	5,007,227
Investment in capital assets	-	-	-	-	<u>13,235</u>
	<u>702,297</u>	<u>2,121,872</u>	<u>2,677,547</u>	<b><u>5,501,716</u></b>	<u>5,020,462</u>
	<u>\$ 750,670</u>	<u>\$2,121,872</u>	<u>\$2,677,547</u>	<b><u>\$5,550,089</u></b>	<u>\$5,047,762</u>

ON BEHALF OF THE BOARD

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to the financial statements.

# The Chalmers Regional Hospital Foundation Inc.

## Statement of Cash Flows

Year Ended December 31, 2006 2005

Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Excess (deficiency) of revenues over expenditures	<b>\$ 481,254</b>	\$ (78,213)
Depreciation	<u>13,235</u>	<u>-</u>
	<b>494,489</b>	(78,213)
Changes in		
Receivables	(603)	1,950
Accrued interest receivable	(1,427)	615
Contributions receivable	(24,442)	1,699
Payables and accruals	<u>21,073</u>	<u>3,107</u>
	<b>489,090</b>	(70,842)
<b>Investing</b>		
(Increase) decrease in investments (net)	<b>(300,566)</b>	178,693
Purchase of computer software	<u>-</u>	<u>(13,235)</u>
	<b>(300,566)</b>	165,458
<b>Financing</b>		
Decrease in long-term contributions receivable	1,200	58,200
Decrease in bank indebtedness	<u>-</u>	<u>(32,178)</u>
	<b>1,200</b>	26,022
Net increase in cash and cash equivalents	<b>189,724</b>	120,638
Cash and cash equivalents, beginning of year	<u>120,938</u>	<u>300</u>
Cash and cash equivalents, end of year	<b><u>\$ 310,662</u></b>	<b><u>\$ 120,938</u></b>

See accompanying notes to the financial statements.

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# The Chalmers Regional Hospital Foundation Inc.

## Notes to the Financial Statements

December 31, 2006

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### 1. Nature of operations

The Chalmers Regional Hospital Foundation Inc. (the "Foundation") is incorporated as a not-for-profit corporation without share capital under the Companies Act of New Brunswick. The Foundation's principal activities include raising, investing and distributing funds to the Dr. Everett Chalmers Regional Hospital for the enhancement of the hospital's services and facilities. The Foundation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

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### 2. Summary of significant accounting policies

#### (a) General

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

#### (b) Fund accounting

The Foundation follows the fund basis of accounting which provides for a separate self balancing group of accounts to enable separate accountability for assets that are to be used for certain designated purposes. Separate accounts are maintained for each fund. For financial statement purposes funds that have similar characteristics have been combined into fund groups as follows:

Revenues and expenses and fund balances relating to general activities are reported in the Unrestricted Fund. The use of unrestricted funds is at the discretion of the Board.

Revenues and expenses and fund balances related to donor specific purposes are reported as Restricted Funds. The Board has also designated certain fund balances as restricted for specific purposes. The Board may remove its restrictions at its own discretion.

Endowment contributions and fund balances are reported in the Endowment Funds. Endowment Funds are those where the donor has stipulated that the contributed funds remain intact and the capital remain unspent in perpetuity. The Board has also designated certain fund balances as restricted for endowment purposes. The Board may remove its restrictions on these designated funds at its own discretion.

#### (c) Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as revenue in the Endowment Fund. For substantial unrestricted bequests where a portion of the donation is allocated by the Board to the Endowment Fund (\$100,000 and up), up to 50% of the contribution may be transferred to fund an operating deficit, if any.

Investment income earned on Endowment Fund resources that must be spent on externally restricted expenses is recognized as revenue of the Restricted Funds. All other investment income is recognized as revenue of the Unrestricted Fund when earned.

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**The Chalmers Regional Hospital Foundation Inc.**  
**Notes to the Financial Statements**  
December 31, 2006

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**2. Summary of significant accounting policies (Cont'd)**

**(d) Contributed services**

A substantial number of volunteers contribute a significant amount of their time each year. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

**(e) Investments**

Investments are recorded at cost. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

**(f) Capital assets**

Capital assets with a cost exceeding \$5,000 are capitalized and amortized over their estimated useful lives. All other capital assets are expensed in the year of acquisition.

**(g) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks.

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**3. Investments**

	<u>Cost</u>		<u>Aggregate quoted market value</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Investments	<u>\$5,052,263</u>	<u>\$4,751,697</u>	<u>\$5,693,457</u>	<u>\$5,241,661</u>

# The Chalmers Regional Hospital Foundation Inc.

## Notes to the Financial Statements

December 31, 2006

### 4. Restrictions on fund balances (major categories)

Category	Opening balance	Current year Contributions	Investment Income Allocated	Current year Disbursements	Fund Transfers	2006	2005
2006 MRI Unit	\$ 12,000	\$ 581,972	\$ -	\$ -	\$ -	\$ 593,972	\$ 12,000
2005 Mammography Unit	640,226	9,829	-	-	-	650,055	640,226
Improved patient care	237,576	-	64,465	(130,728)	-	171,313	237,576
Pediatrics	60,760	-	-	-	(60,760)	-	60,760
Family Medicine Teaching Unit	64,426	-	-	(31,450)	-	32,976	64,426
Miscellaneous ("D" Fund)	<u>670,013</u>	<u>116,248</u>	<u>20,693</u>	<u>(194,158)</u>	<u>60,760</u>	<u>673,556</u>	<u>670,013</u>
	<u>\$1,685,001</u>	<u>\$ 708,049</u>	<u>\$ 85,158</u>	<u>\$ (356,336)</u>	<u>\$ -</u>	<u>\$ 2,121,872</u>	<u>\$1,685,001</u>

Included in miscellaneous are contributions restricted for particular departments and programs of the Dr. Everett Chalmers Regional Hospital.

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**The Chalmers Regional Hospital Foundation Inc.**  
**Notes to the Financial Statements**  
December 31, 2006

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**4. Restrictions on fund balances (major categories) (continued)**

<b>Restrictions on investment income earned by Endowment Funds:</b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Endowment from Friends of the Fredericton Hospital Foundation Inc., 95% of the net income from which is externally restricted by a trust agreement for improved patient care, and 5% of the net income to be added to the endowment capital.	<b>\$1,159,482</b>	\$1,156,089
Endowments, the income from which is unrestricted.	<b>563,843</b>	563,843
Endowment, 75% of net income to accumulate in the principal of the fund until it reaches \$1,000,000, 25% of the net income to be used for continued education. After \$1,000,000 endowment is reached, 95% of net earnings can be drawn down annually.	<b>598,754</b>	571,207
Endowment, 100% of the income to special equipment and educational support for the Cardiac Care Unit.	<b>17,721</b>	-
Endowment, 25% of net income to accumulate in the principal of the fund, 75% of the net income to be used for senior patient comfort items approved by the Director of Healthy Aging and Rehabilitation Program.	<b>50,000</b>	-
Endowment, designated by the Board (which may be withdrawn at the Board's discretion), the income from which is unrestricted.	<b>110,825</b>	110,825
Endowments, the income from which is externally restricted for cancer care.	<b>100,000</b>	100,000
Endowment, 90% of the income from which is externally restricted for "special equipment" purchases, and 10% to be added to the endowment capital.	<b>25,780</b>	25,628
Endowment, the income from which is externally restricted for research and education.	<b>16,966</b>	16,966
Endowment, 95% of the income from which is externally restricted for continued education and 5% to be added to the endowment capital.	<b>12,515</b>	12,478
Endowment, 95% of the income from which is externally restricted for Library operations and 5% to be added to the endowment capital.	<b><u>21,661</u></b>	<u>21,598</u>
	<b><u>\$ 2,677,547</u></b>	<u>\$2,578,634</u>

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# The Chalmers Regional Hospital Foundation Inc.

## Notes to the Financial Statements

December 31, 2006

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### 5. Related party transactions

The main purpose of the Foundation is to raise, invest and distribute funds to the Dr. Everett Chalmers Regional Hospital. The Foundation office is located in the hospital and receives the benefit of goods and services, the cost of which have not been identified nor recorded in the financial statements.

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### 6. Financial instruments

The Foundation's financial instruments consist of cash and cash equivalents, investments, receivables and payables. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

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### 7. Investment Income (net)

	Unrestricted	Restricted	Endowment	Total
Investment income	\$ 205,289	\$ 103,378	\$ 37,456	\$ 346,123
Less investment fees	<u>36,311</u>	<u>18,220</u>	<u>6,264</u>	<u>60,795</u>
Net investment income	<u>\$ 168,978</u>	<u>\$ 85,158</u>	<u>\$ 31,192</u>	<u>\$ 285,328</u>

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### 8. Computer software

The Foundation purchased computer software for \$13,235 in 2005. This software was fully depreciated in 2006.

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### 9. Health Blooms

	<u>2006</u>	<u>2005</u>
Donations and other revenue	<u>\$ 294,381</u>	<u>\$ 254,503</u>
Expenses		
Salaries and benefits	-	17,500
Office supplies	3,472	821
Advertising and promotion	13,981	8,893
Postage	3,042	622
Postal walk	2,978	1,825
Incentives	4,848	6,110
Insurance	350	350
Entertainment	1,530	597
Travel	<u>390</u>	<u>133</u>
	<u>30,591</u>	<u>36,851</u>
Net project revenue	<u>\$ 263,790</u>	<u>\$ 217,652</u>

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**The Chalmers Regional Hospital Foundation Inc.**  
**Notes to the Financial Statements**  
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<b>10. Fund raising</b>	<u><b>2006</b></u>	<u><b>2005</b></u>
Salaries and benefits	\$ 168,992	\$ 145,051
Office supplies	12,515	12,099
Advertising and promotion	9,062	7,871
Postage	9,458	13,146
Donor wall	<u>3,726</u>	<u>7,102</u>
	<u><b>\$ 203,753</b></u>	<u><b>\$ 185,269</b></u>

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<b>11. Administration</b>	<u><b>2006</b></u>	<u><b>2005</b></u>
Telephone	\$ 4,274	\$ 3,671
Professional services	13,034	12,839
Insurance	4,481	4,481
Conferences and training	6,559	7,217
Travel	1,501	1,235
Office equipment and supplies	4,730	7,528
Miscellaneous	6,602	7,138
Depreciation	<u>13,235</u>	<u>-</u>
	<u><b>\$ 54,416</b></u>	<u><b>\$ 44,109</b></u>

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<b>12. Planned giving</b>	<u><b>2006</b></u>	<u><b>2005</b></u>
Planned giving officer	\$ 10,260	\$ 28,885
Travel and mileage	228	563
Conferences and training	3,513	1,784
Membership and subscriptions	202	483
Donor	215	382
Miscellaneous	<u>634</u>	<u>267</u>
	<u><b>\$ 15,052</b></u>	<u><b>\$ 32,364</b></u>