



Financial Statements

The Chalmers Regional Hospital Foundation Inc.

December 31, 2007

Contents

	Page
Auditors' Report	1
Statement of Operations and Changes in Fund Balances	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 12



Auditors' report

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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, 2007 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, 2007 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

Fredericton, NB
April 11, 2008

Chartered Accountants

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 2007	Total 2006
Revenue					
Contributions	\$ 60,273	\$ 437,570	\$ 25,080	\$ 522,923	\$ 561,693
Investment income (net) (Note 7)	49,826	17,711	7,254	74,791	285,328
Health Blooms - net (Note 9)	-	196,165	-	196,165	263,790
Ladies Charity Golf Tournament (Note 10)	-	27,495	-	27,495	-
	<u>110,099</u>	<u>678,941</u>	<u>32,334</u>	<u>821,374</u>	<u>1,110,811</u>
Expenses					
Fund raising (Note 10)	201,040	-	-	201,040	203,753
Administration (Note 11)	51,018	-	-	51,018	54,416
Planned giving (Note 12)	37,841	-	-	37,841	15,052
	<u>289,899</u>	<u>-</u>	<u>-</u>	<u>289,899</u>	<u>273,221</u>
(Deficiency) excess of revenue over expenses before the undernoted	<u>(179,800)</u>	<u>678,941</u>	<u>32,334</u>	<u>531,475</u>	<u>837,590</u>
Distribution to Dr. Everett Chalmers Regional Hospital equipment and programs	<u>-</u>	<u>1,360,878</u>	<u>-</u>	<u>1,360,878</u>	<u>356,336</u>
(Deficiency) excess of revenue over expenses	(179,800)	(681,937)	32,334	(829,403)	481,254
Fund balance, beginning of year	702,297	2,121,872	2,677,547	5,501,716	5,020,462
Adjustment to opening fund balances (Note 13)	<u>212,368</u>	<u>314,759</u>	<u>114,065</u>	<u>641,192</u>	<u>-</u>
Fund balance, end of year	<u>\$ 734,865</u>	<u>\$ 1,754,694</u>	<u>\$ 2,823,946</u>	<u>\$ 5,313,505</u>	<u>\$ 5,501,716</u>

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 2007	Total 2006
Assets					
Current assets					
Cash and cash equivalents	\$ 395,418	\$ -	\$ -	\$ 395,418	\$ 310,662
Receivables	10,674	-	-	10,674	9,301
Accrued interest receivable	-	16,068	-	16,068	24,198
Contributions receivable	-	65,306	-	65,306	120,665
	406,092	81,374	-	487,466	464,826
Investments (Note 3)	1,032,324	1,651,320	2,823,946	5,507,590	5,052,263
Long-term contributions receivable	-	22,000	-	22,000	33,000
	<u>\$ 1,438,416</u>	<u>\$ 1,754,694</u>	<u>\$ 2,823,946</u>	<u>\$ 6,017,056</u>	<u>\$5,550,089</u>

Liabilities and fund balances

Current liabilities					
Payables and accruals	\$ 35,247	\$ -	\$ -	\$ 35,247	\$ 48,373
Distribution payable	668,304	-	-	668,304	-
	703,551	-	-	703,551	48,373
Fund balances (Note 4)	734,865	1,754,694	2,823,946	5,313,505	5,501,716
	<u>\$ 1,438,416</u>	<u>\$ 1,754,694</u>	<u>\$ 2,823,946</u>	<u>\$ 6,017,056</u>	<u>\$5,550,089</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,

2007

2006

Increase (decrease) in cash and cash equivalents

Operating		
(Deficiency) excess of revenues over expenditures	\$ (829,403)	\$ 481,254
Non-cash item adjustments		
Depreciation	-	13,235
Unrealized loss	<u>185,866</u>	<u>-</u>
	(643,537)	494,489
Changes in		
Receivables	(1,373)	(603)
Accrued interest receivable	8,130	(1,427)
Contributions receivable	55,359	(24,442)
Payables and accruals	(13,127)	21,073
Distribution payable	<u>668,304</u>	<u>-</u>
	<u>73,756</u>	<u>489,090</u>
Investing		
(Increase) in investments (net)	<u>-</u>	<u>(300,566)</u>
Financing		
Decrease in long-term contributions receivable	<u>11,000</u>	<u>1,200</u>
Net increase in cash and cash equivalents	84,756	189,724
Cash and cash equivalents, beginning of year	<u>310,662</u>	<u>120,938</u>
Cash and cash equivalents, end of year	<u>\$ 395,418</u>	<u>\$ 310,662</u>

See accompanying notes to the financial statements.

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2007

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.

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.

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2007

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 classified as held for trading. They are reported at fair value using quoted market prices with changes in fair value recognized as unrealized gains or losses in net income. Transactions costs related to the purchase of investments are charged immediately to net income.

(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.

3. Investments

	<u>2007</u>	<u>2006</u>
Investments	<u>\$ 5,507,590</u>	<u>\$5,052,263</u>
At market	<u>\$ 5,507,590</u>	<u>\$5,693,457</u>

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2007

4. Restrictions on fund balances (major categories)

<u>Category</u>	<u>Opening balance</u>	<u>Special Allocation - Adjustment to opening fund balance</u>	<u>Current year Contributions</u>	<u>Investment Income Allocated</u>	<u>Current year Disbursements</u>	<u>2007</u>	<u>2006</u>
2006/2007 MRI Unit	\$ 593,972	\$ -	\$ 413,297	\$ -	\$ (500,000)	\$ 507,269	\$ 593,972
2006 Mammography Unit	650,055	-	-	-	(612,465)	37,590	650,055
Improved patient care	171,313	243,461	-	13,266	-	428,040	171,313
2007 Cardiac Care	-	-	114,708	-	-	114,708	-
Family Medicine Teaching Unit	32,976	-	-	-	(31,450)	1,526	32,976
Miscellaneous ("D" Fund)	<u>673,556</u>	<u>71,298</u>	<u>133,225</u>	<u>4,445</u>	<u>(216,963)</u>	<u>665,561</u>	<u>673,556</u>
	<u>\$ 2,121,872</u>	<u>\$ 314,759</u>	<u>\$ 661,230</u>	<u>\$ 17,711</u>	<u>\$ (1,360,878)</u>	<u>\$ 1,754,694</u>	<u>\$ 2,121,872</u>

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

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2007

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

Restrictions on investment income earned by Endowment Funds:

	<u>2007</u>	<u>2006</u>
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.	\$1,172,994	\$1,159,482
Lillian Freeman Endowment, 100% of income to special equipment and educational support for the Cardiac Care Unit.	25,080	-
Dr. Ivan and Millie Crowell Education Fund 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.	704,247	598,754
Milton Levine Endowment, 100% of the income to special equipment and educational support for the Cardiac Care Unit.	17,721	17,721
Roberta Scott 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.	50,268	50,000
Endowment, designated by the Board (which may be withdrawn at the Board's discretion), the income from which is unrestricted.	110,825	110,825
Helen F. Green Endowments, the income from which is externally restricted for cancer care.	100,000	100,000
Edison and Lois Phillips Endowment, 90% of the income from which is externally restricted for "special equipment" purchases, and 10% to be added to the endowment capital.	26,381	25,780
Dr. Alfred Warner Memorial Fund Endowment, the income from which is externally restricted for research and education.	16,966	16,966
Dr. A.F. Torrie Orthopedic Education Endowment, 95% of the income from which is externally restricted for continued education and 5% to be added to the endowment capital.	12,661	12,515
Dr. Garfield A. Moffatt Library Endowment, 95% of the income from which is externally restricted for Library operations and 5% to be added to the endowment capital.	21,913	21,661
Endowments, the income from which is unrestricted:		
Eugene and Verna McCarthy Endowment Fund	259,913	259,913
John and Wilma Clark Endowment Fund	108,000	108,000
Other	196,977	195,930
	<u>\$2,823,946</u>	<u>\$2,677,547</u>

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2007

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.

6. Financial Instruments

The Foundation has established policies for the management of its investments. All of the Foundation's investments are managed by independent, external investment managers. The compliance of these managers with the investment policies is monitored on a regular basis.

The Foundation's investment strategy is designed to maintain an investment portfolio of high quality financial assets. The Foundation manages investment risk by diversifying its portfolio among asset classes, industry sectors and individual securities.

The bond portfolio is subject to the credit risk of issuers failing to honour the payment terms. This risk is managed by investing in high quality government bonds and limiting exposure to any one issuer or issue.

Details of bond maturities and interest ranges for investments held as at December 31, 2007 are as follows:

	Unrestricted Fund		Restricted Funds		Endowment Fund	
	Market	Interest	Market	Interest	Market	Interest
	Value	Range	Value	Range	Value	Range
One year to five years	\$361,782	4.35-7.29%	\$578,968	4.35-7.29%	\$ 989,785	4.35-7.29%
More than five years	72,253	3.88-7.09%	115,629	3.88-7.09%	197,675	3.88-7.09%

The Chalmers Regional Hospital Foundation Inc.
Notes to the Financial Statements
December 31, 2007

7. Investment Income (net)

	Unrestricted	Restricted	Endowment	Total
Investment income	\$ 217,779	\$ 77,410	\$ 31,708	\$ 326,897
Less investment fees	(44,129)	(15,686)	(6,425)	(66,240)
Less unrealized loss	<u>(123,824)</u>	<u>(44,013)</u>	<u>(18,029)</u>	<u>(185,866)</u>
Net investment income	<u>\$ 49,826</u>	<u>\$ 17,711</u>	<u>\$ 7,254</u>	<u>\$ 74,791</u>

8. Health Blooms

	<u>2007</u>	<u>2006</u>
Donations and other revenue	<u>\$ 228,264</u>	<u>\$ 294,381</u>
Expenses		
Office supplies	2,111	3,472
Advertising and promotion	7,661	13,981
Postage	3,899	3,042
Postal walk	8,389	2,978
Incentives	7,402	4,848
Insurance	350	350
Entertainment	1,703	1,530
Travel	<u>584</u>	<u>390</u>
	<u>32,099</u>	<u>30,591</u>
Net project revenue	<u>\$ 196,165</u>	<u>\$ 263,790</u>

9. Ladies charity golf tournament

	<u>2007</u>
Donations and other revenue	<u>\$ 43,814</u>
Expenses	
Green and cart fees	9,598
Dinner	4,295
Signage	798
Prizes	754
Printing	195
Miscellaneous	<u>679</u>
	<u>16,319</u>
Net project revenue	<u>\$ 27,495</u>

The Chalmers Regional Hospital Foundation Inc.
Notes to the Financial Statements
December 31, 2007

10. Fund raising	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 158,645	\$ 168,992
Office supplies	12,169	12,515
Advertising and promotion	18,766	9,062
Postage	10,085	9,458
Donor wall	<u>1,375</u>	<u>3,726</u>
	<u>\$ 201,040</u>	<u>\$ 203,753</u>

11. Administration	<u>2007</u>	<u>2006</u>
Telephone	\$ 4,639	\$ 4,274
Professional services	19,729	13,034
Insurance	4,481	4,481
Conferences and training	5,677	6,559
Travel	1,796	1,501
Office equipment and supplies	5,779	4,730
Miscellaneous	8,917	6,602
Depreciation	<u>-</u>	<u>13,235</u>
	<u>\$ 51,018</u>	<u>\$ 54,416</u>

12. Planned giving	<u>2007</u>	<u>2006</u>
Planned giving officer	\$ 33,333	\$ 10,260
Travel and mileage	491	228
Conferences and training	1,809	3,513
Membership and subscriptions	853	202
Donor	537	215
Miscellaneous	<u>818</u>	<u>634</u>
	<u>\$ 37,841</u>	<u>\$ 15,052</u>

13. Change in accounting policy

Financial instruments

On January 1, 2007, the Foundation adopted the Canadian Institute of Chartered Accountants (CICA) Handbook section 3855, *Financial Instruments – Recognition and Measurement*. Under the new guidance, all financial assets must be classified as available for sale, held for trading, held to maturity, or loans and receivables. All financial liabilities must be classified as held for trading or other. All financial instruments classified as available for sale or held for trading are recognized at fair value on the Statement of Financial Position while financial instruments classified as held to maturity, loans and receivables or other financial liabilities will be measured at amortized cost using the effective interest rate method.

In accordance with the new handbook sections the Foundation has designated all financial assets as either held for trading or loans and receivables. Financial instruments classified as

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2007

13. Change in accounting policy (Cont'd)

held for trading will be measured at fair value with changes in fair value recognized in net income. Equities not traded in an active market are carried at cost.

Transaction costs for financial assets and liabilities classified as held for trading and as loans and receivables will be charged immediately to net income

On January 1, 2007, transition adjustments were made to certain existing financial instruments to adjust their carrying value to market. The changes in accounting policies resulted in a change to opening fund balances of \$641,192.

The Foundation's receivables, payables and accruals, are carried at amortized cost which approximates fair market value due to their short-term to maturity.

Comparative figures have not been restated to conform to the new Financial Instruments accounting policies adopted January 1, 2007. CICA guidance explicitly prevents restatement of comparative information under the new standards.

The changes to the opening January 1, 2007 statement of financial position:

	<u>December 31,</u> <u>2006</u>	<u>Accounting</u> <u>Policy Changes</u>	<u>January 1,</u> <u>2007</u>
Unrestricted Fund			
Investments	\$ 430,707	\$ 212,368	\$ 643,075
Fund Balance	702,297	212,368	914,665
Restricted Funds			
Investments	1,944,009	314,759	2,258,768
Fund Balance	2,121,872	314,759	2,436,631
Endowment Funds			
Investments	2,677,547	114,065	2,791,612
Fund Balance	2,677,547	114,065	2,791,612