



Financial Statements

The Chalmers Regional Hospital Foundation Inc.

December 31, 2008

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 - 11



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, 2008 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, 2008 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 7, 2009

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 2008	Total 2007
Revenue					
Contributions	\$ 61,502	\$ 382,637	\$ 165,430	\$ 609,569	\$ 522,923
Investment income (net) (Note 6)	180,459	114,247	(881,798)	(587,092)	74,791
Health Blooms (net) (Note 7)	-	159,353	-	159,353	196,165
Ladies Charity Golf Tournament (net) (Note 8)	-	31,042	-	31,042	27,495
	<u>241,961</u>	<u>687,279</u>	<u>(716,368)</u>	<u>212,872</u>	<u>821,374</u>
Expenses					
Fund raising (Note 9)	238,298	-	-	238,298	235,763
Administration (Note 10)	54,092	-	-	54,092	54,136
	<u>292,390</u>	<u>-</u>	<u>-</u>	<u>292,390</u>	<u>289,899</u>
(Deficiency) excess of revenue over expenses before the undernoted	<u>(50,429)</u>	<u>687,279</u>	<u>(716,368)</u>	<u>(79,518)</u>	<u>531,475</u>
Distribution to Dr. Everett Chalmers Regional Hospital equipment and programs	<u>-</u>	<u>751,432</u>	<u>-</u>	<u>751,432</u>	<u>1,360,878</u>
(Deficiency) excess of revenue over expenses Interfund transfers	<u>(50,429)</u> <u>1,526</u>	<u>(64,153)</u> <u>(39,116)</u>	<u>(716,368)</u> <u>37,590</u>	<u>(830,950)</u> <u>-</u>	<u>(829,403)</u> <u>-</u>
Decrease to fund	(48,903)	(103,269)	(678,778)	(830,950)	(829,403)
Fund balance, beginning of year	734,865	1,754,694	2,823,946	5,313,505	5,501,716
Adjustment to opening fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>641,192</u>
Fund balance, end of year	<u>\$ 685,962</u>	<u>\$ 1,651,425</u>	<u>\$ 2,145,168</u>	<u>\$ 4,482,555</u>	<u>\$ 5,313,505</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 2008	Total 2007
Assets					
Current assets					
Cash and cash equivalents	\$ 386,601	\$ -	\$ -	\$ 386,601	\$ 395,418
Receivables	10,419	-	-	10,419	10,674
Accrued interest receivable	-	17,464	-	17,464	16,068
Contributions receivable	-	68,781	-	68,781	65,306
	397,020	86,245	-	483,265	487,466
Investments	320,805	1,551,980	2,129,168	4,001,953	5,507,590
Long-term contributions receivable	-	13,200	16,000	29,200	22,000
	<u>\$ 717,825</u>	<u>\$ 1,651,425</u>	<u>\$ 2,145,168</u>	<u>\$ 4,514,418</u>	<u>\$ 6,017,056</u>
Liabilities and fund balances					
Current liabilities					
Payables and accruals	\$ 31,863	\$ -	\$ -	\$ 31,863	\$ 35,247
Distribution payable	-	-	-	-	668,304
	31,863	-	-	31,863	703,551
Fund balances (Note 3)	685,962	1,651,425	2,145,168	4,482,555	5,313,505
	<u>\$ 717,825</u>	<u>\$ 1,651,425</u>	<u>\$ 2,145,168</u>	<u>\$ 4,514,418</u>	<u>\$ 6,017,056</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, 2008 2007

Increase (decrease) in cash and cash equivalents

Operating

Deficiency of revenues over expenditures	\$ (830,950)	\$ (829,403)
Non-cash item adjustments		
Unrealized loss	<u>925,974</u>	<u>185,866</u>

	95,024	(643,537)
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Changes in

Receivables	255	(1,373)
Accrued interest receivable	(1,396)	8,130
Contributions receivable	(3,475)	55,359
Payables and accruals	(3,384)	(13,127)
Distribution payable	<u>(668,304)</u>	<u>668,304</u>

	<u>(581,280)</u>	<u>73,756</u>
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Investing

Decrease in investments (net)	<u>579,663</u>	<u>-</u>
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Financing

(Increase) decrease in long-term contributions receivable	<u>(7,200)</u>	<u>11,000</u>
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Net (decrease) increase in cash and cash equivalents	(8,817)	84,756
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Cash and cash equivalents, beginning of year	<u>395,418</u>	<u>310,662</u>
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Cash and cash equivalents, end of year	<u>\$ 386,601</u>	<u>\$ 395,418</u>
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See accompanying notes to the financial statements.

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2008

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, 2008

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) Financial instruments

The Foundation has designated all financial assets as either held for trading or loans and receivables. Financial instruments classified as held for trading are 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 are 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.

(f) 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.

(g) 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.

(h) Cash and cash equivalents

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

(i) New accounting standards

The following new accounting standards, from the CICA Handbook, will be effective for the Foundation beginning on January 1, 2009:

- Section 3862 – Financial Instruments – Disclosures
- Section 4400 – Financial Statement presentation for not-for-profit organizations
- Section 4470 – Disclosure of allocated expenses by not-for-profit organizations

The Foundation is in the process of reviewing these new standards to determine what impact, if any they will have on 2009 future reporting periods.

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2008

3. Restrictions on fund balances (major categories)

<u>Category</u>	<u>Opening balance</u>	<u>Transfers</u>	<u>Current year Contributions</u>	<u>Investment Income Allocated</u>	<u>Current year Disbursements</u>	<u>2008</u>	<u>2007</u>
2007/2008 MRI Unit	\$ 507,269	\$ (7,269)	\$ -	\$ -	\$ (500,000)	\$ -	\$ 507,269
2006 Mammography Unit	37,590	(37,590)	-	-	-	-	37,590
Improved patient care	428,040	-	-	78,213	(60,064)	446,189	428,040
2007 Cardiac Care	114,708	(44,599)	-	-	(70,109)	-	114,708
Family Medicine Teaching Unit	1,526	(1,526)	-	-	-	-	1,526
Miscellaneous ("D" Fund)	665,561	37,780	207,473	34,368	(121,259)	823,923	665,561
2008 ultrasound	-	14,088	365,019	1,666	-	380,773	-
CAT scan	-	-	540	-	-	540	-
	<u>\$ 1,754,694</u>	<u>\$ (39,116)</u>	<u>\$ 573,032</u>	<u>\$ 114,247</u>	<u>\$ (751,432)</u>	<u>\$1,651,425</u>	<u>\$ 1,754,694</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, 2008

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

Restrictions on investment income earned by Endowment Funds:

	<u>2008</u>	<u>2007</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.	\$ 816,375	\$1,172,994
Lillian Freeman Endowment, 100% of income to special equipment and educational support for the Cardiac Care Unit.	17,312	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.	524,739	704,247
Milton Levine Endowment, 100% of the income to special equipment and educational support for the Cardiac Care Unit.	12,271	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.	41,533	50,268
Endowment, designated by the Board (which may be withdrawn at the Board's discretion), the income from which is unrestricted.	76,743	110,825
Helen F. Green Endowments, the income from which is externally restricted for cancer care.	69,247	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.	18,453	26,381
Dr. Alfred Warner Memorial Fund Endowment, the income from which is externally restricted for research and education.	11,748	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.	8,812	12,661
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.	15,251	21,913
Ronald Hovey Endowment Fund, 25% of net income to accumulate in the principal of the fund, 75% of the net income to support the Oncology Department at the Dr. Everett Chalmers Regional Hospital	35,501	-
Eugene Burpee Endowment Fund, 100% of net income to be used for funding Scholarships or bursaries to assist nursing students with their education at the Dr. Everett Chalmers Regional Hospital.	51,935	-

The Chalmers Regional Hospital Foundation Inc.
Notes to the Financial Statements
December 31, 2008

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

Endowments, the income from which is unrestricted:		
Eugene and Verna McCarthy Endowment Fund	179,981	259,913
John and Wilma Clark Endowment Fund	74,786	108,000
Other	190,481	196,977
	<u>\$ 2,145,168</u>	<u>\$2,823,946</u>

4. 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.

5. 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, 2008 are as follows:

	Market Value	Interest Range
One year to five years	\$ 975,874	5.25-7.18%
More than five years	\$ 1,063,419	4.25-6.90%

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2008

6. Investment Income (net)

	Unrestricted	Restricted	Endowment	Total
Investment income	\$ 206,093	\$ 130,476	\$ 50,452	\$ 387,021
Less investment fees	(25,634)	(16,229)	(6,276)	(48,139)
Less unrealized loss	-	-	(925,974)	(925,974)
Net investment income	<u>\$ 180,459</u>	<u>\$ 114,247</u>	<u>\$ (881,798)</u>	<u>\$ (587,092)</u>

7. Health Blooms

	<u>2008</u>	<u>2007</u>
Donations and other revenue	<u>\$ 185,661</u>	<u>\$ 228,264</u>
Expenses		
Office supplies	2,485	2,111
Advertising and promotion	6,078	7,661
Postage	2,906	3,899
Postal walk	9,147	8,389
Incentives	3,778	7,402
Insurance	350	350
Entertainment	772	1,703
Travel	153	584
Tents	<u>639</u>	<u>-</u>
	<u>26,308</u>	<u>32,099</u>
Net project revenue	<u>\$ 159,353</u>	<u>\$ 196,165</u>

8. Ladies charity golf tournament

	<u>2008</u>	<u>2007</u>
Donations and other revenue	<u>\$ 47,486</u>	<u>\$ 43,814</u>
Expenses		
Green and cart fees	11,059	9,598
Dinner	4,229	4,295
Signage	266	798
Prizes	360	754
Printing	85	195
Miscellaneous	<u>445</u>	<u>679</u>
	<u>16,444</u>	<u>16,319</u>
Net project revenue	<u>\$ 31,042</u>	<u>\$ 27,495</u>

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2008

9. Fund raising	<u>2008</u>	<u>2007</u>
Salaries and benefits	\$ 195,200	\$ 191,978
Office supplies	9,818	13,022
Advertising and promotion	14,837	18,766
Postage	13,005	10,085
Donor recognition program	<u>5,438</u>	<u>1,912</u>
	<u>\$ 238,298</u>	<u>\$ 235,763</u>

10. Administration	<u>2008</u>	<u>2007</u>
Telephone	\$ 4,983	\$ 4,640
Professional services	19,259	19,729
Insurance	4,541	4,481
Conferences and training	10,000	7,486
Travel	2,135	2,287
Office equipment and supplies	4,421	5,779
Miscellaneous	<u>8,753</u>	<u>9,734</u>
	<u>\$ 54,092</u>	<u>\$ 54,136</u>

11. Capital management

Management considers capital to be net assets. The Foundation's objective when managing capital is to maintain financial strength to sustain long term delivery of its core activities.

12. Comparative figures

Certain of the December 31, 2007 expenditure amounts have been reclassified to conform to the expenditure financial statement presentation adopted for the 2008 fiscal year.