



Financial Statements

The Chalmers Regional Hospital Foundation Inc.

December 31, 2009

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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, 2009 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, 2009 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 19, 2010

Chartered Accountants

The Chalmers Regional Hospital Foundation Inc.
Statement of Operations and Changes in Fund Balances

Year Ended December 31,

	Unrestricted <u>Fund</u>	Restricted <u>Funds</u>	Endowment <u>Funds</u>	Total 2009	Total <u>2008</u>
Revenue					
Contributions	\$ 53,210	\$ 528,512	\$ 7,000	\$ 588,722	\$ 609,569
Investment income (net) (Note 6)	35,504	15,035	570,025	620,564	(587,092)
Health Blooms (net) (Note 7)	-	169,526	-	169,526	159,353
Ladies Charity Golf Tournament (net) (Note 8)	-	30,716	-	30,716	31,042
	<u>88,714</u>	<u>743,789</u>	<u>577,025</u>	<u>1,409,528</u>	<u>212,872</u>
Expenses					
Fund raising (Note 9)	229,215	-	-	229,215	238,298
Administration (Note 10)	41,434	-	-	41,434	54,092
	<u>270,649</u>	<u>-</u>	<u>-</u>	<u>270,649</u>	<u>292,390</u>
(Deficiency) excess of revenue over expenses before the undernoted	<u>(181,935)</u>	<u>743,789</u>	<u>577,025</u>	<u>1,138,879</u>	<u>(79,518)</u>
Distribution to Dr. Everett Chalmers Regional Hospital equipment and programs	<u>120,000</u>	<u>504,946</u>	<u>-</u>	<u>624,946</u>	<u>751,432</u>
(Deficiency) excess of revenue over expenses	<u>(301,935)</u>	<u>238,843</u>	<u>577,025</u>	<u>513,933</u>	<u>(830,950)</u>
Fund balance, beginning 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>
Fund balance, end of year	<u>\$ 384,027</u>	<u>\$ 1,890,268</u>	<u>\$ 2,722,193</u>	<u>\$ 4,996,488</u>	<u>\$ 4,482,555</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 2009	Total 2008
Assets					
Current assets					
Cash and cash equivalents	\$ 313,806	\$ -	\$ -	\$ 313,806	\$ 386,601
Receivables	6,827	-	-	6,827	10,419
Accrued interest receivable	-	17,787	-	17,787	17,464
Contributions receivable	-	102,422	-	102,422	68,781
	320,633	120,209	-	440,842	483,265
Investments	89,894	1,758,459	2,708,693	4,557,046	4,001,953
Long-term contributions receivable	-	11,600	13,500	25,100	29,200
	<u>\$ 410,527</u>	<u>\$ 1,890,268</u>	<u>\$ 2,722,193</u>	<u>\$ 5,022,988</u>	<u>\$ 4,514,418</u>
Liabilities and fund balances					
Current liabilities					
Payables and accruals	\$ 26,500	\$ -	\$ -	\$ 26,500	\$ 31,863
Fund balances (Note 3)	384,027	1,890,268	2,722,193	4,996,488	4,482,555
	<u>\$ 410,527</u>	<u>\$ 1,890,268</u>	<u>\$ 2,722,193</u>	<u>\$ 5,022,988</u>	<u>\$ 4,514,418</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, 2009 2008

Increase (decrease) in cash and cash equivalents

Operating

Excess (deficiency) of revenues
over expenditures \$ 513,933 \$ (830,950)

Non-cash item adjustments
Unrealized (gain) loss (563,759) 925,974

(49,826) 95,024

Changes in

Receivables 3,592 255

Accrued interest receivable (323) (1,396)

Contributions receivable (33,641) (3,475)

Payables and accruals (5,363) (3,384)

Distribution payable - (668,304)

(85,561) (581,280)

Investing

Decrease in investments (net) 8,666 579,663

Financing

Decrease (increase) in long-term contributions
receivable 4,100 (7,200)

Net decrease in cash and cash equivalents **(72,795)** (8,817)

Cash and cash equivalents, beginning of year 386,601 395,418

Cash and cash equivalents, end of year **\$ 313,806** **\$ 386,601**

See accompanying notes to the financial statements.

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2009

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, 2009

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

(d) Expense recognition

Expenses are recognized on an accrual basis as costs are incurred. Administration and Fundraising expenditures are not subject to reallocation procedures to projects and activities.

(e) 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.

(f) 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.

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

(g) 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.

(h) 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.

(i) Cash and cash equivalents

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

(j) Future accounting standards

The Accounting Standards Board has issued an exposure draft proposing accounting standards for not for profit organizations. The Accounting Standards Board expects the final standards to be issued in late 2010.

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2009

3. Restrictions on fund balances (major categories)

<u>Category</u>	<u>Opening balance</u>	<u>Current year Contributions</u>	<u>Investment Income Allocated</u>	<u>Current year Disbursements</u>	<u>2009</u>	<u>2008</u>
Cardiac Diagnostic Program	\$ -	\$ 457,288	\$ 218	\$ -	\$ 457,506	\$ -
Improved patient care	446,189	-	10,178	(170,979)	285,388	446,189
Miscellaneous ("D" Fund)	823,923	271,466	4,639	(154,967)	945,061	823,923
2008 ultrasound	380,773	-	-	(179,000)	201,773	380,773
CAT scan	<u>540</u>	<u>-</u>	<u>-</u>	<u>-</u>	540	<u>540</u>
	<u>\$ 1,651,425</u>	<u>\$ 728,754</u>	<u>\$ 15,035</u>	<u>\$ (504,946)</u>	\$ 1,890,268	<u>\$ 1,651,425</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, 2009

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

Restrictions on investment income earned by Endowment Funds:

	<u>2009</u>	<u>2008</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.	\$ 1,030,760	\$ 816,375
Lillian Freeman Endowment, 100% of income to special equipment and educational support for the Cardiac Care Unit.	21,847	17,312
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.	667,359	524,739
Milton Levine Endowment, 100% of the income to special equipment and educational support for the Cardiac Care Unit.	15,485	12,271
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.	52,821	41,533
Endowment, designated by the Board (which may be withdrawn at the Board's discretion), the income from which is unrestricted.	96,846	76,743
Helen F. Green Endowments, the income from which is externally restricted for cancer care.	87,386	69,247
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.	23,311	18,453
Dr. Alfred Warner Memorial Fund Endowment, the income from which is externally restricted for research and education.	15,456	11,748
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.	11,126	8,812
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.	19,256	15,251
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	44,917	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.	65,539	51,935

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2009

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

Endowments, the income from which is unrestricted:		
Eugene and Verna McCarthy Endowment Fund	227,127	179,981
John and Wilma Clark Endowment Fund	94,376	74,786
Other	<u>248,581</u>	<u>190,481</u>
	<u>\$ 2,722,193</u>	<u>\$2,145,168</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 - Investments

Composition of the total investment portfolio as at December 31 was as follows:

	<u>2009</u>	<u>2008</u>
Cash	\$ 172,844	\$ 221,916
Fixed income	2,111,388	2,039,294
Equities - Canadian	1,710,620	1,012,993
Equities - Foreign	<u>562,194</u>	<u>727,750</u>
	<u>\$ 4,557,046</u>	<u>\$ 4,001,953</u>

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 Foundation has elected to use the exemption provided by the CICA permitting not for profit organizations not to apply sections 3862 and 3863 of the CICA Handbook. The Foundation did not enter into any derivative financial arrangements for hedging or speculative purposes.

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2009

5. Financial Instruments (continued)

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, 2009 are as follows:

	<u>Market Value</u>	<u>Interest Range</u>
One year to five years	\$ 1,083,521	4.46-8.30%
More than five years	\$ 984,264	3.75-7.90%

6. Investment Income (net)

	Unrestricted	Restricted	Endowment	Total
Investment income	\$ 60,235	\$ 25,703	\$ 10,711	\$ 96,649
Less investment fees	(24,731)	(10,668)	(4,445)	(39,844)
Add unrealized gain	<u>-</u>	<u>-</u>	<u>563,759</u>	<u>563,759</u>
Net investment income	<u>\$ 35,504</u>	<u>\$ 15,035</u>	<u>\$ 570,025</u>	<u>\$ 620,564</u>

7. Health Blooms

	<u>2009</u>	<u>2008</u>
Donations and other revenue	<u>\$ 195,788</u>	<u>\$ 185,661</u>
Expenses		
Office supplies	426	2,485
Advertising and promotion	4,791	6,078
Postage	3,108	2,906
Postal walk	8,959	9,147
Incentives	-	3,778
Insurance	350	350
Entertainment	944	772
Employee Lottery prizes	7,000	-
Travel	-	153
Tents	<u>684</u>	<u>639</u>
	<u>26,262</u>	<u>26,308</u>
Net project revenue	<u>\$ 169,526</u>	<u>\$ 159,353</u>

The Chalmers Regional Hospital Foundation Inc.
Notes to the Financial Statements
December 31, 2009

8. Ladies charity golf tournament	<u>2009</u>	<u>2008</u>
Donations and other revenue	\$ <u>45,925</u>	\$ <u>47,486</u>
Expenses		
Green and cart fees	10,996	11,059
Dinner	3,901	4,229
Signage	-	266
Prizes	65	360
Printing	-	85
Miscellaneous	<u>247</u>	<u>445</u>
	<u>15,209</u>	<u>16,444</u>
Net project revenue	<u>\$ 30,716</u>	<u>\$ 31,042</u>

9. Fund raising	<u>2009</u>	<u>2008</u>
Salaries and benefits	\$ 190,130	\$ 195,200
Office supplies	12,316	9,818
Advertising and promotion	16,341	14,837
Postage	8,490	13,005
Donor recognition program	<u>1,938</u>	<u>5,438</u>
	<u>\$ 229,215</u>	<u>\$ 238,298</u>

10. Administration	<u>2009</u>	<u>2008</u>
Telephone	\$ 4,872	\$ 4,983
Professional services	14,379	19,259
Insurance	4,664	4,541
Conferences and training	1,177	10,000
Travel	2,367	2,135
Office equipment and supplies	4,345	4,421
Miscellaneous	<u>9,630</u>	<u>8,753</u>
	<u>\$ 41,434</u>	<u>\$ 54,092</u>

The Chalmers Regional Hospital Foundation Inc.

Notes to the Financial Statements

December 31, 2009

11. Capital management

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

To assist in managing investment capital the Foundation employs a capital management plan, in the form of a Statement of Investment Policy and Objectives ("SIP&O"), that is reviewed annually by the Finance Committee. The SIP&O, which establishes policies for management of its investments, dictates the Foundation's approach to growth, credit quality and profitability objectives. The overall objectives in investing the assets of the Foundation are to preserve and enhance the value of capital through adequate diversification in high quality investments and achieve the highest investment return that can be obtained within the level of risk acceptable to the Finance Committee. The following description of the SIP&O is a summary only. For more information, reference should be made to the SIP&O document.

Subject to limitations, the SIP&O investment guidelines outline that the investment manager may invest in any or all of the following asset categories: Cash, Fixed Income, Canadian Equities, US Equities, and International Equities. The proportion of investment in each asset class is subject to restrictions including maintaining the following asset mix; 0% - 20% in cash, 30% - 60% investment in Fixed Income, 30% - 50% investment in Equities; 50% - 100% of total equities invested in Canadian Equities, 10% - 40% invested in US Equities, and 0% - 40% in International Equities.

There has been no change in the overall strategy employed during the year ended December 31, 2009.