



2015 – 2016 Annual Report

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2016

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FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2016

INTRODUCTION

The Mission of the Friends of The Moncton Hospital Foundation, Inc. is to raise funds to help The Moncton Hospital deliver excellent healthcare and promote wellness.

The Foundation, which celebrated its 50th anniversary in 2015, is governed by a Board of Directors consisting of a maximum of 15 members who receive no remuneration for their services. The Foundation is supported by a dedicated staff team and a very significant level of volunteerism contributed by the directors and the community at large.

This Annual Report for the Foundation contains the financial detail and narrative highlights for 2015-2016 with comparative data from previous years as well as a number of highlights of the past year's activities as outlined in the Chair's Message.

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HIGHLIGHTS

The following summarizes the revenues, expenses and contributions and the financial position of the Foundation for the years ended March 31, 2012, 2013, 2014, 2015 and 2016:

| (000's) | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|------------------|------------------|-------------------|------------------|------------------|
| REVENUES: | | | | | |
| Capital Campaign | \$ - | \$ - | \$ 1 | \$ 6 | \$ 39 |
| Annual Appeals | 800 | 843 | 789 | 1,012 | 910 |
| Donations and Memorials | 1,250 | 1,090 | 1,124 | 1,951 | 2,126 |
| Planned Giving | 336 | 822 | 335 | 377 | 284 |
| Hand in Hand Dream Lottery | 229 | 216 | 273 | - | - |
| Employee Lottery | 107 | 121 | 113 | 117 | 100 |
| Investment Income | (12) | 1,095 | 1,095 | 780 | 380 |
| | <u>2,710</u> | <u>4,187</u> | <u>3,730</u> | <u>4,243</u> | <u>3,839</u> |
| EXPENSES: | | | | | |
| Administrative | 1,143 | 805 | 946 | 905 | 753 |
| Hand in Hand Dream Lottery | 50 | 50 | 50 | - | - |
| Employee Lottery | 35 | 37 | 30 | 37 | 46 |
| | <u>1,228</u> | <u>892</u> | <u>1,026</u> | <u>942</u> | <u>799</u> |
| | <u>1,482</u> | <u>3,295</u> | <u>2,704</u> | <u>3,301</u> | <u>3,040</u> |
| CONTRIBUTIONS: | | | | | |
| The Moncton Hospital | 805 | 4,209 | 5,621 | 2,363 | 2,957 |
| OTHER INCOME: | | | | | |
| Equity income from investment of subsidiary | 171 | 168 | 285 | 196 | 159 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | | | | | |
| | <u>\$ 848</u> | <u>\$ (746)</u> | <u>\$ (2,632)</u> | <u>\$ 1,134</u> | <u>\$ 242</u> |
| FINANCIAL POSITION: | | | | | |
| ASSETS: | | | | | |
| Cash and investments | \$ 12,885 | \$ 13,299 | \$ 13,120 | \$ 15,988 | \$ 16,023 |
| Investment in subsidiary | 2,456 | 2,286 | 2,117 | 1,832 | 1,636 |
| Other assets | 58 | 58 | 58 | 188 | 13 |
| | <u>\$ 15,399</u> | <u>\$ 15,643</u> | <u>\$ 15,295</u> | <u>\$ 18,008</u> | <u>\$ 17,672</u> |
| LIABILITIES AND FUND BALANCES: | | | | | |
| Liabilities | \$ 282 | \$ 1,374 | \$ 280 | \$ 361 | \$ 1,159 |
| Fund balances | 15,117 | 14,269 | 15,015 | 17,647 | 16,513 |
| | <u>\$ 15,399</u> | <u>\$ 15,643</u> | <u>\$ 15,295</u> | <u>\$ 18,008</u> | <u>\$ 17,672</u> |

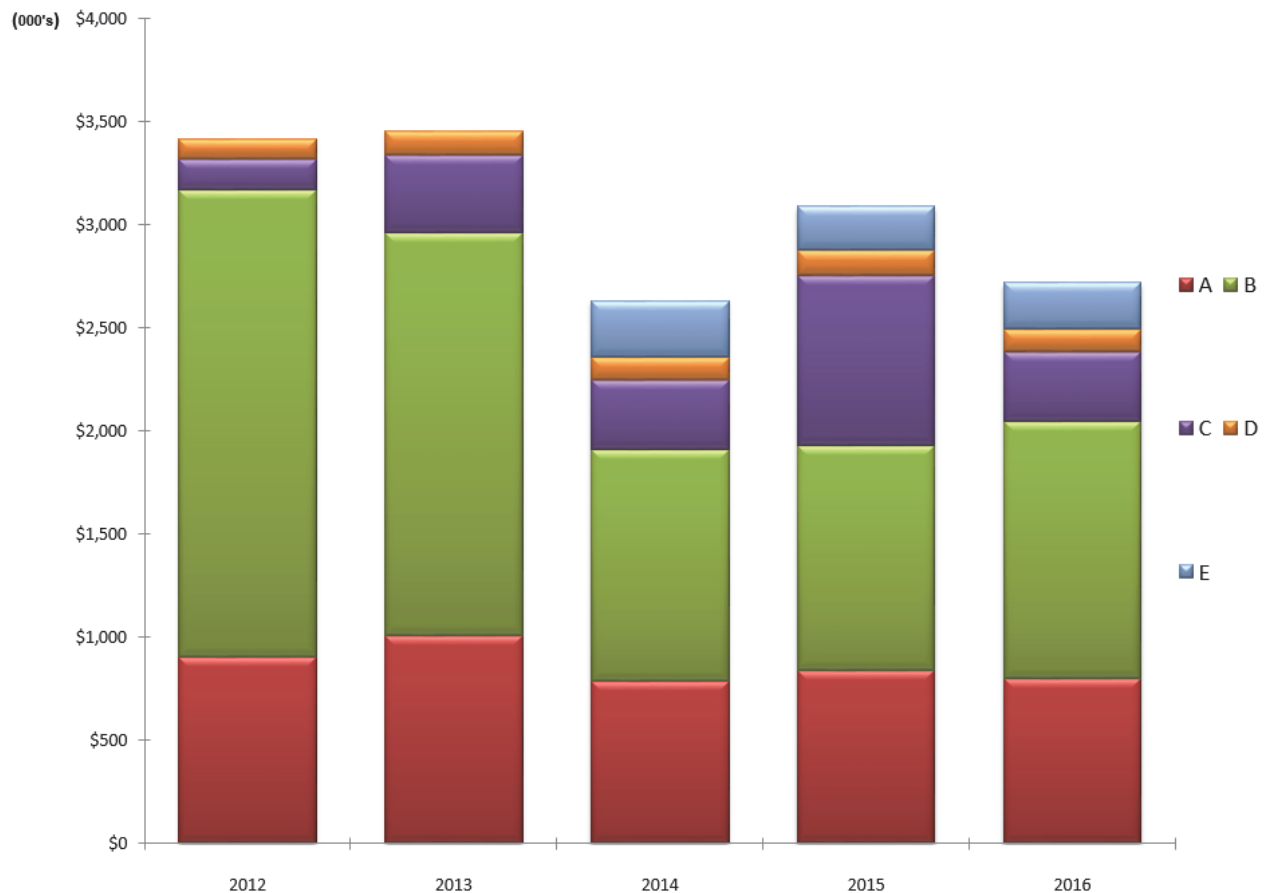
The details above are analyzed further on the following pages.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

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Year ended March 31, 2016

ANALYSIS OF REVENUE FROM FUND RAISING



A = Annual Appeal
B = Donations and Memorials
C = Planned Giving
D = Employee Lottery Revenue
E = House Lottery Joint Venture

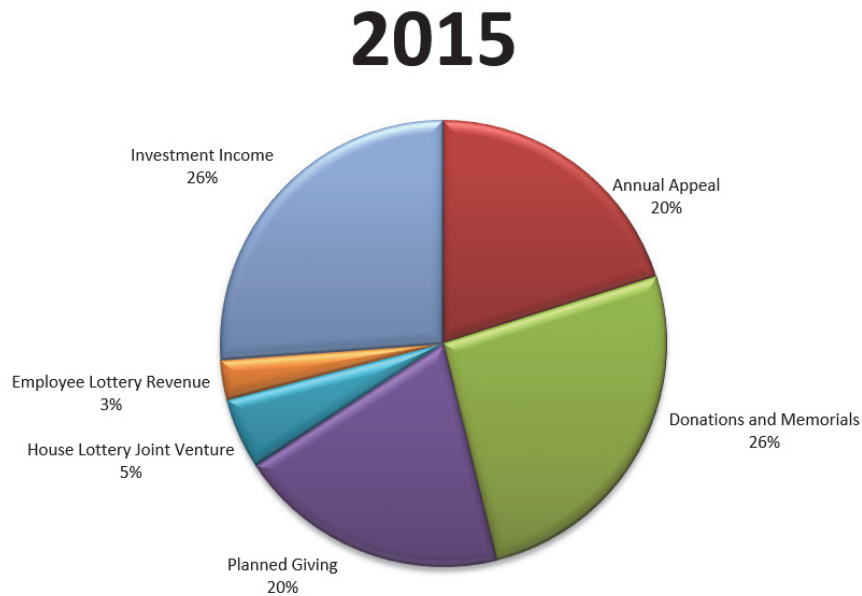
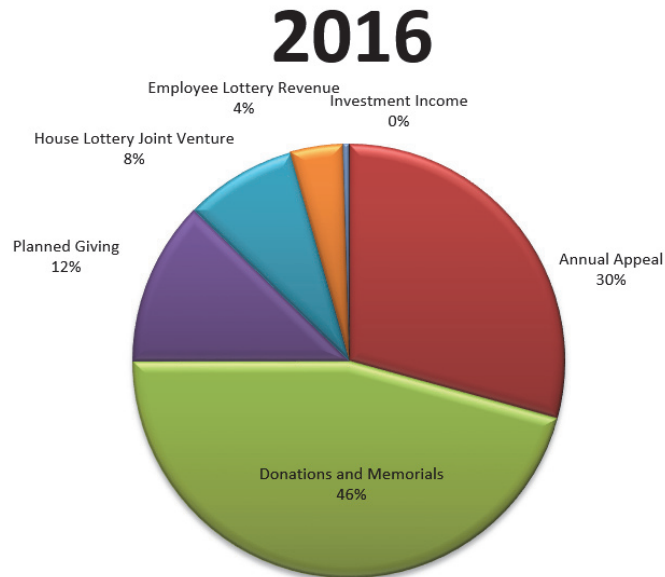
- B. In 2012, the Foundation received a \$1M payment on a \$5M commitment to the new Oncology Clinic. The final installment of \$820,000 on that commitment was received in 2013.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

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ANALYSIS: TOTAL REVENUE



The major categories of revenue as a percentage of total revenue for the years ended March 31, 2016 and March 31, 2015 are displayed above. For details regarding investment income see note 5 of the non-consolidated financial statements (page 15).

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2016

CHAIR'S MESSAGE

To the Members of the Friends of The Moncton Hospital Foundation, Inc.:



*Every day, lives are changed and lives are saved at The Moncton Hospital (TMH), thanks to our donors who support health care. The foundation helps advance health services for our friends and families by raising funds to support new patient care equipment and facility enhancements and to provide resources to enrich the professional education of our healthcare team. **This is all made possible through our generous and loyal donors.***

2015 marked our **50th year of successful fundraising**. To commemorate the occasion, current and former foundation board members, staff and long-time volunteers were treated to a walk down memory lane during an anniversary dinner held in September. We were honored to have former foundation chair, Sandy Gillis, emcee the evening, offering delightful and humorous anecdotes from the last five decades.

Let's celebrate the impact that philanthropy had on our hospital in 2015-2016 by reviewing the highlights. Patients and their families are the big beneficiaries of the foundation's **2014-2015 Annual Campaign**. The generosity of the community helped surpass the \$875,000 goal by \$5,000. This investment has allowed for the creation of a new **Pediatric Ambulatory Care Clinic**, an opportunity to enrich care for chronically ill children in a designated area on the Pediatrics Unit. Construction has begun and is expected to be completed by fall of 2016. \$200,000 from this campaign was spent on revolutionary **Bacteria Identification Technology**, which can cut diagnostic wait times in half. Now, laboratory professionals can provide a much more rapid diagnosis, leading to quicker treatment, appropriate antibiotic regimens, faster recovery, shorter stays in hospital, and lives saved. Also as a result of this campaign, modern equipment is now available to support those recovering from orthopedic and soft tissue injuries and help patients recover from traumatic injuries. A critical tool to provide for accurate diagnoses for sick and fragile babies will arrive later in 2016.

Superior bed care for critically ill patients, sophisticated decision making technology to make the labour and birthing process safer for mother and baby, and the creation of an outdoor green space to promote healing for addiction and mental health patients are the combined focus of the Foundation's **2015-2016 Annual Campaign**. At the official launch held in October, the Friends revealed an ambitious fundraising goal of \$950,000.

We are delighted that the \$100,000 donated by the Corey Craig Group in celebration of their 40th anniversary of Tim Horton's in Moncton was used to purchase a **Mini-C Arm for Orthopedics**. This equipment provides immediate images for orthopedic procedures in clinic, as well as to determine if surgery is required... all while exposing the patient to much less radiation than regular x-rays.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

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CHAIR'S MESSAGE (continued)

In addition to the generous gifts from individuals, corporations and community organizations over the past year, our numerous **community based events** generated over \$374,000 for the Foundation. The **Swing Into Spring** Gala held in May, 2015 drew a large crowd and raised \$67,000. The 15th annual Taylor Ford **Hit It Fore Health** golf tournament at Fox Creek Golf Club in September was another outstanding success. In fact, this sold-out event yielded \$61,500 for the Annual Campaign. We were pleased to have a new physician-led cycling event which generated \$42,000 to support The Moncton Hospital's Oncology Clinic. Last June, nine cyclists participated in the **N.B. Doctors Cycling against Cancer Ride** which consisted of a five day, 500km+ bike ride lead by medical oncologist Dr. Mohammed Harb.

Another highpoint was the continued partnership with the CHU Dumont Foundation for the **Hand in Hand Dream Lottery**. As a result, over \$350,000 has been invested in the quality of patient care at The Moncton Hospital and the Dr. Georges-L.-Dumont University Hospital Centre.

The annual **Gifts for Life** luncheon was held in August to honour those donors who have made a special planned gift commitment to the Friends. The guest speaker was Dr. Gordon Dow, Infectious Disease Consultant. We welcomed Doris Methot, Laura Leighton and Charles and Vicki Lawson as the Friends' newest Gifts for Life Society members.

With great pleasure, the foundation honoured donors who have contributed a total of \$10,000 or more at our **22nd Annual Donor Dinner**, held on December 2nd. During the evening 38 individuals, community groups, and businesses were recognized for having reached new milestones in cumulative giving. All were treated to a delightful dinner and a personal thank you from myself and The Moncton Hospital's Executive Director, Nancy Parker.

Friends had another good year in **planned giving**, receiving ten bequests that ranged from \$1,000 to \$60,922 for a total of \$212,394. In addition, 11 gifts of listed securities totalling \$79,414 and seven life insurance gifts and premium payments totalling \$14,407 were received.

In 2015-2016, Friends **endowments** continued to grow. Five new named endowments were created including the Vaughn and Ruth Adair Endowment Fund, the Robert and Minnie (Beals) Sowerby Endowment Fund, the Angus and Gloria McDonald Endowment, Charles and Vicki Lawson Family Endowment Fund, and the Anne MacBeath Endowment Fund. \$245,407 was drawn out of endowment to support The Moncton Hospital and by year end, our endowments totalled an impressive \$6,270,122.

We are fortunate to have a number of endowments that were created to provide educational funding for hospital staff. This year, we were able to offer over \$56,000 in grants to approximately 113 staff members attending conferences and workshops or pursuing other educational opportunities in their respective fields.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2016

CHAIR'S MESSAGE (continued)

We bid farewell to Past Chair, David Holt and board members John McManaman and Brent Scrimshaw, all of whom completed their terms of service on the board. On the staff side, past long-time board member Les Parrott retired in July from his more recent role as Major Gifts Consultant, and Community Engagement Coordinator Geoff Hendry moved, with his family, to Ontario. All five will be missed. New to the board this year are Bill Hennessey, Lisette Michaud-Carrier and Lois Scott. We also welcomed to the foundation team Danielle Boucher as Director, Major Gifts and Katherine Robertson as Community Engagement Coordinator.

It takes a diverse and committed team to provide the best patient care at TMH. Thank you to the hospital's 300 physicians, 2500 staff, 350 volunteers and to our countless donors for continuing to strive for improved health care *right here, right now*.

You, our donors, are giving us the power to improve lives. For that we are eternally grateful.

A handwritten signature in cursive script that reads "Steve Fowler".

Steve Fowler, Chair
Friends of The Moncton Hospital Foundation, Inc.

Non-Consolidated Financial Statements of

**FRIENDS OF THE MONCTON HOSPITAL
FOUNDATION, INC.**

Year ended March 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Chair and Members of the Board of Directors

We have audited the accompanying non-consolidated financial statements of Friends of The Moncton Hospital Foundation, Inc. (the Foundation), which comprise the non-consolidated statement of financial position as at March 31, 2016, the non-consolidated statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these non-consolidated 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 non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated 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 non-consolidated 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 contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenues and excess (deficiency) of revenues over expenses reported in the non-consolidated statements of operations and changes in fund balances, and cash flows, and assets and fund balances reported in the non-consolidated statement of financial position.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the non-consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants

May 26, 2016
Moncton, Canada

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Non-Consolidated Statement of Financial Position

March 31, 2016, with comparative information for 2015

| | | | | 2016 | 2015 |
|--------------------------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| | Unspecified Funds | Specified Funds | Endowment Funds | Total | Total |
| Assets | | | | | |
| Cash and investments (note 2) | \$ 2,884,074 | \$ 3,730,423 | \$ 6,270,122 | \$ 12,884,619 | \$ 13,299,169 |
| Prepaid expenses (note 3) | 58,213 | – | – | 58,213 | 58,168 |
| Investment in subsidiary (note 4) | 2,456,014 | – | – | 2,456,014 | 2,285,514 |
| | <u>\$ 5,398,301</u> | <u>\$ 3,730,423</u> | <u>\$ 6,270,122</u> | <u>\$ 15,398,846</u> | <u>\$ 15,642,851</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Payable to The Moncton Hospital | \$ 227,877 | \$ 42,428 | \$ – | \$ 270,305 | \$ 357,460 |
| Accrued liabilities | 12,000 | – | – | 12,000 | 1,016,000 |
| | <u>239,877</u> | <u>42,428</u> | <u>–</u> | <u>282,305</u> | <u>1,373,460</u> |
| Fund balances: | | | | | |
| Unrestricted | 5,158,424 | – | – | 5,158,424 | 4,817,875 |
| Externally restricted | – | 3,687,995 | 6,270,122 | 9,958,117 | 9,451,516 |
| | <u>5,158,424</u> | <u>3,687,995</u> | <u>6,270,122</u> | <u>15,116,541</u> | <u>14,269,391</u> |
| | <u>\$ 5,398,301</u> | <u>\$ 3,730,423</u> | <u>\$ 6,270,122</u> | <u>\$ 15,398,846</u> | <u>\$ 15,642,851</u> |

See accompanying notes to non-consolidated financial statements.

On behalf of the Board:



Director



Director

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Non-Consolidated Statement of Operations and Changes in Fund Balances

Year ended March 31, 2016, with comparative information for 2015

| | Unspecified Funds | Specified Funds | Endowment Funds | 2016 Total | 2015 Total |
|--|----------------------|--------------------|--------------------|---------------|---------------|
| Revenues: | | | | | |
| Annual Appeal 06 | \$ — | \$ — | \$ — | \$ — | \$ 34,658 |
| Annual Appeal 12 | — | 1,180 | — | 1,180 | 1,402 |
| Annual Appeal 13 | — | 135 | — | 135 | 101,497 |
| Annual Appeal 14 | — | 56,587 | — | 56,587 | 700,756 |
| Annual Appeal 15 | — | 732,086 | — | 732,086 | 5,130 |
| Annual Appeal 16 | — | 10,328 | — | 10,328 | — |
| Donations and Memorials | 605,836 | 641,847 | 2,090 | 1,249,773 | 1,089,642 |
| Planned Giving | 49,239 | 10,419 | 275,941 | 335,599 | 821,508 |
| Hand in Hand Dream Lottery | 228,890 | — | — | 228,890 | 216,000 |
| Employee Lottery | 107,190 | — | — | 107,190 | 121,235 |
| Investment income (loss) (note 5) | (1,247) | — | (10,409) | (11,656) | 1,095,191 |
| | 989,908 | 1,452,582 | 267,622 | 2,710,112 | 4,187,019 |
| Expenses: | | | | | |
| Administrative (note 6) | 1,084,750 | — | 58,660 | 1,143,410 | 804,667 |
| Hand in Hand Dream Lottery | 49,947 | — | — | 49,947 | 50,000 |
| Employee Lottery | 35,000 | — | — | 35,000 | 37,400 |
| | 1,169,697 | — | 58,660 | 1,228,357 | 892,067 |
| Excess (deficiency) of revenues over expenses before the undernoted | (179,789) | 1,452,582 | 208,962 | 1,481,755 | 3,294,952 |
| Distributions to The Moncton Hospital: | | | | | |
| Annual Appeal 06 | — | — | — | — | 302,644 |
| Annual Appeal 12 | — | — | — | — | 606,446 |
| Annual Appeal 13 | — | 8,895 | — | 8,895 | 717,365 |
| Annual Appeal 14 | — | 227,447 | — | 227,447 | 104,595 |
| Annual Appeal 15 | — | 6,843 | — | 6,843 | — |
| Capital Campaign | — | 160 | — | 160 | 4,723 |
| Other | 106,708 | 455,052 | — | 561,760 | 2,472,710 |
| | 106,708 | 698,397 | — | 805,105 | 4,208,483 |
| Excess (deficiency) of revenues over expenses before the undernoted | (286,497) | 754,185 | 208,962 | 676,650 | (913,531) |
| Equity income from investment in subsidiary | 170,500 | — | — | 170,500 | 168,449 |
| Excess (deficiency) of revenues over expenses | (115,997) | 754,185 | 208,962 | 847,150 | (745,082) |
| Fund balances, beginning of year | 4,817,875 | 2,787,327 | 6,664,189 | 14,269,391 | 15,014,473 |
| Transfers and allocations of funds during the year | 456,546 | 146,483 | (603,029) | — | — |
| Fund balances, end of year | \$ 5,158,424 | \$ 3,687,995 | \$ 6,270,122 | \$ 15,116,541 | \$ 14,269,391 |

See accompanying notes to non-consolidated financial statements.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Non-Consolidated Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

| | 2016 | 2015 |
|--|--------------|--------------|
| Cash provided by (used for): | | |
| Operating activities: | | |
| Excess (deficiency) of revenues over expenses | \$ 847,150 | \$ (745,082) |
| Items not involving cash: | | |
| Equity income from investment in subsidiary | (170,500) | (168,449) |
| Unrealized loss (gain) on investments | 505,563 | (398,151) |
| Increase in cash surrender value of life insurance | (9,202) | (5,174) |
| Change in non-cash operating working capital: | | |
| Increase in prepaid expenses | (45) | (22) |
| Increase (decrease) in payable to The Moncton Hospital | (87,155) | 93,216 |
| Increase (decrease) in accrued liabilities | (1,004,000) | 1,000,000 |
| | 81,811 | (223,662) |
| Investing activities: | | |
| Proceeds on sale of real property | - | 289,652 |
| Net decrease (increase) in investments | 895,813 | (280,883) |
| | 895,813 | 8,769 |
| Increase (decrease) in cash | 977,624 | (214,893) |
| Cash, beginning of year | 893,508 | 1,108,401 |
| Cash, end of year (note 2) | \$ 1,871,132 | \$ 893,508 |

See accompanying notes to non-consolidated financial statements.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Notes to Non-Consolidated Financial Statements

Year ended March 31, 2016

Friends of The Moncton Hospital Foundation, Inc. (the Foundation) is a not-for-profit organization without share capital incorporated under the laws of New Brunswick and its principal activities include receiving contributions, bequests and memorials to hold for investment and the application of income and capital to The Moncton Hospital to assist in its efforts to provide patient care. 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.

1. Significant accounting policies:

These non-consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants Canada Handbook.

(a) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value using closing prices. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its fixed income investments at fair value.

The Foundation accounts for its wholly-owned subsidiary, F.M.H. Management Ltd., using the equity method.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(b) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions which include donations and bequests. Restricted contributions are recognized as revenue of the appropriate restricted fund, be it Specified or Endowment.

The Unspecified Fund accounts for the Foundation's program delivery and administrative activities. This fund reports unrestricted resources. Unrestricted contributions are recognized as revenue of the Unspecified Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest and dividends are recorded on the accrual basis. Realized gain (loss) on sale of investments is the difference between proceeds received and the cost of the investment sold. All changes in fair value are recognized in investment income as part of the unrealized gain (loss) on investments. Other than investment income earned in the Endowment funds, all investment income is recognized as revenue of the Unspecified Fund when earned (note 5).

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(c) Capital assets:

The Foundation owns no capital assets. Premises are provided at no charge by the Horizon Health Network/Réseau de Santé Horizon.

(d) Contributed services:

Volunteers contribute significant hours per year to assist the Foundation in carrying out its campaigns and service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the non-consolidated financial statements.

(e) Use of estimates:

The preparation of non-consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

2. Cash and investments:

| | 2016 | 2015 |
|---|---------------|---------------|
| Cash | \$ 1,871,132 | \$ 893,508 |
| Investments: | | |
| Cash held at investment manager | 423,232 | 544,858 |
| Fixed income | 6,024,262 | 7,638,134 |
| Equities | 4,474,084 | 4,139,962 |
| | 10,921,578 | 12,322,954 |
| Cash surrender value of life insurance policies | 91,909 | 82,707 |
| | \$ 12,884,619 | \$ 13,299,169 |
| Allocation of cash and investments: | | |
| Unspecified Funds | \$ 2,884,074 | \$ 2,535,916 |
| Specified Funds | 3,730,423 | 4,099,064 |
| Endowment Funds | 6,270,122 | 6,664,189 |
| | \$ 12,884,619 | \$ 13,299,169 |

3. Hand in Hand Dream Lottery:

The Foundation has entered into a joint venture with the Dr. Georges-L.-Dumont Hospital Foundation. The purpose of this joint venture is to raise money on behalf of both foundations through a lottery fundraising program called the Hand in Hand Dream Lottery. Included in prepaid expenses of the Foundation is \$50,000 (2015 - \$50,000) which represents 50% of the joint venture's initial expense to support the 2016 Hand in Hand Dream Lottery.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2016

4. Investment in subsidiary:

F.M.H. Management Ltd. (the subsidiary company) is incorporated under the New Brunswick Business Corporations Act and its principal activities include the rental and the maintenance of the Professional Arts Building at 100 Arden Street, Moncton, New Brunswick. The Foundation follows the practice of appointing two persons to the subsidiary company's Board of Directors and approving the remaining Directors. The investment in the subsidiary is accounted for using the equity method.

Financial statements of the subsidiary company are available on request. Financial summaries of this entity as at December 31 (its fiscal year end) are as follows:

F.M.H. Management Ltd.

| | 2015 | 2014 |
|------------------------------------|--------------|--------------|
| Balance Sheet | | |
| Total assets | \$ 3,261,000 | \$ 3,390,000 |
| Total liabilities | \$ 805,000 | \$ 1,105,000 |
| Shareholders' equity | 2,456,000 | 2,285,000 |
| | \$ 3,261,000 | \$ 3,390,000 |
| Results of Operations | | |
| Total revenues | \$ 1,220,000 | \$ 1,144,000 |
| Total expenses (i) | 1,050,000 | 976,000 |
| Net earnings | \$ 170,000 | \$ 168,000 |
| Cash Flows | | |
| Cash provided by operations | \$ 249,000 | \$ 177,000 |
| Cash used for financing activity | (258,000) | (230,000) |
| Cash used for investing activities | (61,000) | (234,000) |
| Decrease in cash | \$ (70,000) | \$ (287,000) |

(i) Total expenses include contributions of \$25,000 (2014 - nil) to the Foundation. The contribution is recorded in the donations and memorials in the unspecified funds.

5. Investment income (loss):

| | | | 2016 | 2015 |
|------------------------|----------------------|--------------------|-------------|--------------|
| | Unspecified Funds | Endowment Funds | Total | Total |
| Interest and dividends | \$ 155,563 | \$ 169,668 | \$ 325,231 | \$ 333,319 |
| Realized gain | 94,997 | 73,679 | 168,676 | 363,721 |
| Unrealized gain (loss) | (251,807) | (253,756) | (505,563) | 398,151 |
| | \$ (1,247) | \$ (10,409) | \$ (11,656) | \$ 1,095,191 |

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Administrative expenses:

| | 2016 | 2015 |
|----------------------------|--------------|------------|
| Unspecified: | | |
| Salaries and benefits | \$ 592,180 | \$ 299,683 |
| Advertising and promotions | 215,285 | 195,495 |
| General and administrative | 200,333 | 194,620 |
| Professional services | 57,660 | 57,762 |
| Conferences and training | 19,292 | 5,420 |
| | 1,084,750 | 752,980 |
| Endowment: | | |
| Professional services | 58,660 | 51,687 |
| | \$ 1,143,410 | \$ 804,667 |

Certain general administrative salaries and benefit expenses were previously paid by Horizon Health Network/Réseau de Santé Horizon. As of April 1, 2015, these expenses were no longer provided, as a result, the expenses have been recognized in the Foundation.

7. Financial risks:

The Board of Directors has identified its major risks and concerns and has approved investment policy guidelines. Management monitors the risk and adherence to the policy guidelines. The Foundation engages knowledgeable investment managers who are charged with the responsibility of monitoring and mitigating the risks.

The Company has exposure to the following risks from its use of financial instruments:

a) Market price risk

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Foundation's investment, except for its investment in its subsidiary, are carried at fair value with fair value changes recognized in the non-consolidated Statement of Operations and Changes in Fund Balances, all changes in market conditions will directly result in an increase (decrease) in fund balances. Market price risk is managed by the Foundation through construction of a diversified portfolio of instruments traded on various markets and across various industries. There has been no change to the risk exposures from 2015.

b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The Foundation maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities. There has been no change to the risk exposures from 2015.

c) Foreign currency risk:

Foreign currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation holds financial instruments denominated in currencies other than the Canadian dollar. Consequently, the Foundation is exposed to risk that the exchange rates of the various currencies may change in a manner that has an adverse effect on the value of the portion of the investments denominated in currencies other than the Canadian dollar. There has been no change to the risk exposures from 2015.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2016

7. Financial risks (continued):

d) Credit risk:

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Foundation. The Foundation is exposed to credit risk on its fixed income investments. The Foundation mitigates this risk by restricting fixed income investments to instruments with high quality credit ratings. There has been no change to the risk exposures from 2015.

8. Comparative information:

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2016 non-consolidated financial statements.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2016

FOUNDATION DIRECTORY

OFFICE: Horizon Health Network, Moncton Area
135 MacBeath Avenue
Moncton, NB
E1C 6Z8

OFFICERS AND DIRECTORS:

| | |
|----------------|-------------------------------|
| Chair | - Mr. Steve Fowler |
| 1st Vice-Chair | - Mr. David Savoie |
| 2nd Vice-Chair | - Mr. Tom Badger |
| Past Chair | - Mr. Paul Arsenault |
| Secretary | - Ms. Linda Saunders |
| Treasurer | - Ms. Maria Cormie |
| Ex Officio | - Mr. John McGarry |
| Directors | - Ms. Patricia Armour |
| | - Mr. Paul Arsenault |
| | - Ms. Lisette Michaud-Carrier |
| | - Ms. Nicole Légère-Doucet |
| | - Dr. Paul Goobie |
| | - Mr. Bill Hennessey |
| | - Mr. Lorne Mitton |
| | - Mr. Kent Robinson |
| | - Ms. Lois Scott |
| | - Ms. Karen Teed |

BANKERS:

| | |
|------------------|-------------------------------|
| Bank of Montreal | Royal Bank of Canada |
| 633 Main Street | Blue Cross Centre, PO Box 430 |
| Moncton, NB | Moncton, NB |
| E1C 9M1 | E1C 8L4 |

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