



2018 – 2019 Annual Report

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2019

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FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

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INTRODUCTION

The Friends of The Moncton Hospital Foundation is the *philanthropic arm* of The Moncton Hospital. We work to inspire giving to help fund new technologies, innovation, renovated spaces and placing the right tools in the hands of our medical staff to strengthen patient care.

Our **MISSION** is to raise funds to help The Moncton Hospital deliver exceptional healthcare and promote wellness to meet the needs of our communities.

Our **VISION** is transforming healthcare and changing lives together.

The Foundation 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, generous donors, a loyal group of volunteers and the community at large.

This Annual Report contains the financial detail and narrative highlights for 2018-2019 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, 2015, 2016, 2017, 2018, and 2019:

(000's)	2019	2018	2017	2016	2015
REVENUES:					
Capital Campaign	\$ 2,287	\$ 388	\$ –	\$ –	\$ –
Annual Appeals	69	712	844	800	843
Donations and Memorials	885	1,111	1,143	1,250	1,090
Planned Giving	286	456	392	336	822
Hand in Hand Dream Lottery	–	–	96	229	216
Employee Lottery	109	109	112	107	121
Investment Income	634	513	783	(12)	1,095
	<u>4,270</u>	<u>3,289</u>	<u>3,370</u>	<u>2,710</u>	<u>4,187</u>
EXPENSES:					
Administrative	1,277	1,265	1,160	1,143	805
Hand in Hand Dream Lottery	–	–	–	50	50
Employee Lottery	38	37	38	35	37
	<u>1,315</u>	<u>1,302</u>	<u>1,198</u>	<u>1,228</u>	<u>892</u>
	2,955	1,987	2,172	1,482	3,295
CONTRIBUTIONS:					
The Moncton Hospital	643	1,997	1,611	805	4,209
OTHER INCOME:					
Equity income from investment of subsidiary	139	252	187	171	168
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES					
	<u>\$ 2,451</u>	<u>\$ 242</u>	<u>\$ 748</u>	<u>\$ 848</u>	<u>\$ (746)</u>
FINANCIAL POSITION:					
ASSETS:					
Cash and investments	\$ 15,684	\$ 14,200	\$ 13,836	\$ 12,885	\$ 13,299
Investment in subsidiary	3,035	2,896	2,643	2,456	2,286
Other assets	15	16	16	58	58
	<u>\$ 18,734</u>	<u>\$ 17,112</u>	<u>\$ 16,495</u>	<u>\$ 15,399</u>	<u>\$ 15,643</u>
LIABILITIES AND FUND BALANCES:					
Liabilities	\$ 174	\$ 1,004	\$ 630	\$ 282	\$ 1,374
Fund balances	18,560	16,108	15,865	15,117	14,269
	<u>\$ 18,734</u>	<u>\$ 17,112</u>	<u>\$ 16,495</u>	<u>\$ 15,399</u>	<u>\$ 15,643</u>

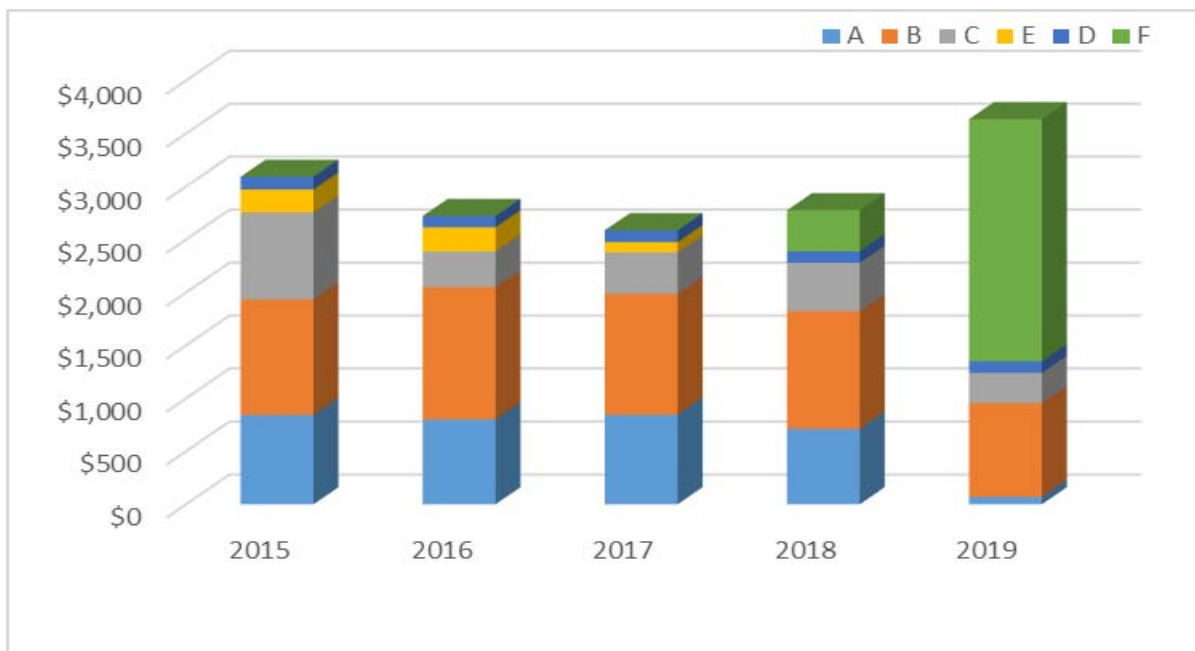
The details above are analyzed further on the following pages.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

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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
F = Capital Campaign

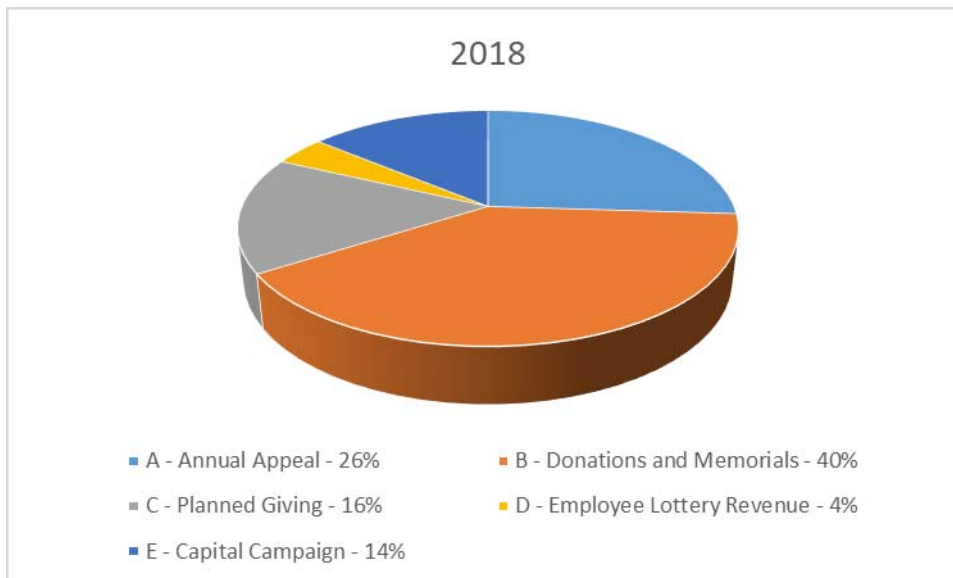
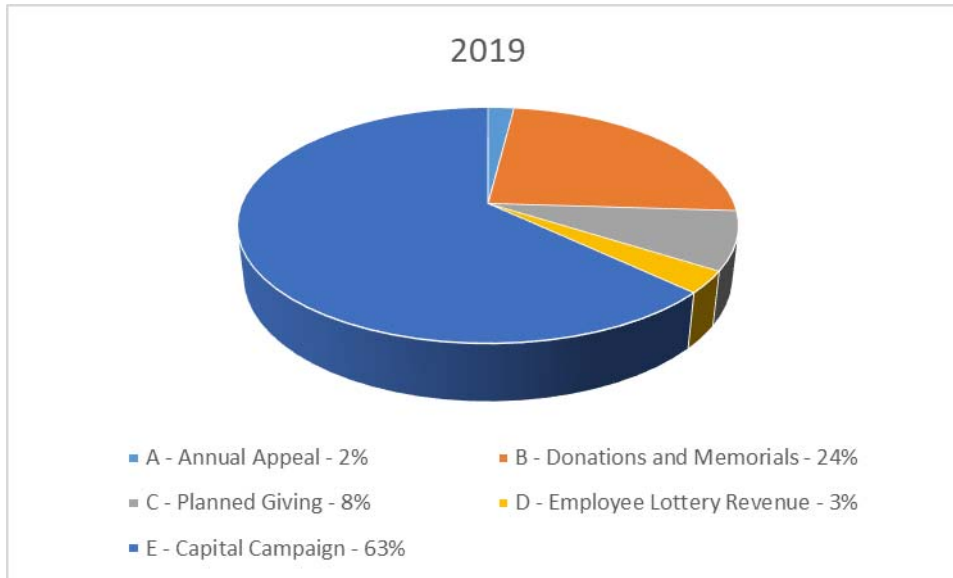
- A. The annual appeal goal for 2017-18 was significantly reduced from recent previous years to allow for the fund raising focus shift to the upcoming major capital campaign. Despite the shift, by the time the campaign officially ended in June of 2018, over \$800,000 had been raised on the goal of \$600,000.
- E. In 2016 the Friends of The Moncton Hospital Foundation and the CHUDumont Foundation decided to discontinue their House Lottery Joint Venture.
- F. The Extraordinary Care capital campaign officially launched in November of 2018 with \$5.6 million in gift commitments (cash and pledges) on the goal of \$8 million. By the end of March, donations received totalled \$2,287,445 and pledges, most for a five-year period, continued to grow.

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ANALYSIS: TOTAL REVENUE (Less Investment Income)



The major categories of revenue as a percentage of total revenue (less investment income) for the years ended March 31, 2019 and March 31, 2018 are displayed above. For details regarding investment income see note 6 of the non-consolidated financial statements (page 18).

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

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Year ended March 31, 2019

CHAIR'S MESSAGE

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



We are beyond grateful to you, our donors, for your gifts which provide our hospital with improved facilities and modern medical equipment. allowing our exceptional care team to save lives and improve health of those who live in our community.

The impact that donations to the Foundation have on patient care is being felt more now than ever. Let's take a moment to pause and celebrate some of the exciting highlights and advances that came as a result of an impressive philanthropic effort in 2018-2019.

The Friends were delighted to provide funding to transform the **Post-Op Waiting Room** from a dark and dated space to a bright and welcoming environment. Families and friends can now access this relaxing room designed to help them bide their time as they wait for their loved one's surgical outcome. This highly functional space boasts modern hospital-grade furniture, calming decor, USB charging stations for phones and tablets, a large television, as well as an electric fireplace that gives the room an inviting, comfortable ambiance.

Our loyal donors funded an \$800,000 investment in **game changing equipment in the Operating Room** that will improve accuracy during surgery, **warm and comfortable specialized beds for newborns and a device to control bleeding during endoscopic procedures** – all critical tools for the hospital's medical team. The 2018-2019 Annual Campaign, headed by Co-Chairs Pat Armour and Lois Scott, exceeded the goal by \$200,000.

The annual **Gifts for Life Society** luncheon was held in September to honour donors who have committed to making a planned gift to the Friends. The guest speaker was Cardiologist, Dr. Sharief Kamel. We welcomed **Greg and Claudette Turner** as the newest Gifts for Life Society members.

It has been a momentous year for the Friends Foundation. The launch in November of our \$8 million **Extraordinary Care Capital Campaign** marked the most ambitious fundraising endeavour in our history. The vision is to build two new state-of-the-art areas of strength that will radically change the way health care is being delivered through **the creation of a Maternity and Newborn Unit and the relocation and expansion of the Cardiac Care Unit**. The quest to raise these funds is being led by Robert K. Irving and a dedicated group of inspired, community-minded volunteers.

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 close to \$570,000 for the Foundation, an increase of over \$100,000 from the previous year. The 14th Annual Swing into Spring Gala held in May 2018, drew a large crowd who kicked up their heels to the Signal Hill Band and raised an impressive \$100,000. Meanwhile, the 18th annual Taylor Ford **Hit It Fore Health golf tournament** at Royal Oaks in September was another outstanding success. In fact, this sold-out event yielded over \$105,000 for the Annual Campaign, the most ever in the event's history. Also of note, in four years the physician-led cycling fundraiser, **NB Doctors Cycling Against Cancer**, has raised over \$250,000 to support cancer care for patients treated in the Dr. Sheldon H. Rubin Oncology Clinic and in-patient unit. Steered by medical oncologist Dr. Mohammed Harb, 14 cyclists including TMH physicians, family and pharmaceutical representatives, rode throughout the 2,500 kilometres around New Brunswick in a span of five days last June. Another record setting community event saw the Harrison Trimble High School Trojans raise \$21,000, marking the most generated in the history of the Trojan Trek. This student-led fundraiser for the Neonatal Intensive Care Unit continues to exemplify the community leadership of our youth.

The 8th Annual C103 & New Country 96.9 **Radiothon** set another fundraising level. The 2019 goal of \$60,000 was surpassed, reaching over \$78,000. This year, Atlantic Lottery Corporation (ALC) joined the event as our Corporate Partner with a \$25,000 lead gift and Exxon Mobil's Moncton office contributed over \$15,000. Brent Scrimshaw, ALC President and CEO, served as honorary chair of the 12-hour on-air fundraiser. Much of the Radiothon's inspiration comes from staff who explain how the proceeds are used, as well as patients and their families who share their stories. We are thankful to all the participants for helping make this year especially successful.

With great pleasure, the Foundation honoured donors who have contributed a total of \$10,000 or more at our **25th Annual Donor Dinner**, held on December 3rd. During the evening 63 individuals, community groups, and businesses were recognized for having reached new milestones in cumulative giving.

The Foundation had a very successful year in **planned giving**, receiving ten bequests totalling \$99,217. In addition, ten gifts of listed securities totalling \$149,419 and six life insurance gifts and premium payments of \$12,670 were received.

In April, we were happy to see many of our **Faithful Friends** (monthly donors), at a casual gathering that included an exclusive demonstration of the minimally invasive equipment in the operating room (OR) by Urologist Dr. Troy Sitland. Donors especially enjoyed donning scrubs to be able to enter the OR, making the presentation particularly memorable. We were pleased to thank these special donors personally and showcase equipment that they helped purchase.

In 2018-2019, Friends' **endowments** continued to grow. Throughout the year, \$212,517 was added, making the market value of all endowed funds at year-end an impressive \$7,719,673. There were two named endowments created - the Jim and Helen Gibson Endowment Fund and the Patrick and Ethel Murray Endowment Fund.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

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CHAIR'S MESSAGE (continued)

We are fortunate to have had a number of endowments created to provide **educational funding for hospital staff**. This year, we were able to offer over \$38,000 in grants to 85 staff members attending conferences and workshops or pursuing other educational opportunities in their respective fields.

Still on the subject of endowments, in March, a bold social media campaign was launched to promote the **Rebecca Schofield Fund** to help cancer patients at TMH. The parents of the Riverview teenager, who passed away in 2018 from brain cancer, are ensuring that her legacy continues with the #SmileInBeccasName fundraising initiative. Anne and Darren Schofield have partnered with the Foundation to generate the \$250,000 needed to create an endowment which will sustain the program and carry on Becca's wishes well into the future.

We bid farewell to long-time Treasurer **Maria Cormie** and directors **Kent Robinson** and **Lisette Michaud** who completed their terms of service on the board. We welcomed four new members to the board this year; **Sara Robinson, Barbara Winsor, Kirk Muise** and **Brian Hunt**. On the staff side, we were delighted to have two new members join our team; **Jacqueline Bloom**, Gift Development & Donor Relations Specialist and **Filsan Omer**, Donor Database Administrator. We were deeply saddened by the death of our office volunteer **Nancy Dawson**.

The remarkable achievements of the past year would not have been possible without the exceptional commitment and dedication of our board and staff, the unparalleled support of our volunteers, and all of you, our donors.

It takes a community of donors to build a hospital. When you see the strength, determination, and resilience of a loved one fighting to recover, it inspires all of us to do everything we can to continuously improve health services at The Moncton Hospital.

Your support means a doctor, a nurse, and the entire care team have the tools they need to make our patients better.

Our donors are difference-makers.

Thank you for giving people the chance to live better, longer and healthier lives through your unwavering support of advanced healthcare.



David Savoie, Chair
Friends of The Moncton Hospital Foundation

Non-Consolidated Financial Statements of

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

And Independent Auditors' Report thereon

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Chair and Members of the Board of Directors

Qualified Opinion

We have audited the 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, 2019
- the non-consolidated statement of operations and changes in fund balances for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "**Basis for Qualified Opinion**" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the non-consolidated financial position of the Foundation as at March 31, 2019, and its non-consolidated results of operations and its non-consolidated cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue 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:

- the assets reported in the non-consolidated statements of financial position as at March 31, 2019 and March 31, 2018
- the revenues, excess (deficiency) of revenues over expenses, and the fund balances, at the beginning and end of the year, reported in the non-consolidated statements of operations for the years ended March 31, 2019 and March 31, 2018
- the excess of revenues over expenses reported in the non-consolidated statements of cash flows for the years ended March 31, 2019 and March 31, 2018.

Our opinion on the financial statements for the year ended March 31, 2018 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.



We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. Other information comprise the information, other than the financial statements and the auditors' report thereon, included in the 2018-2019 Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the 2018-2019 Annual Report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, stylized font. Below the signature is a horizontal line.

Chartered Professional Accountants
Moncton, Canada
May 30, 2019

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Non-Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

				2019	2018
	Unspecified Funds	Specified Funds	Endowment Funds	Total	Total
Cash and investments (note 2)	\$ 2,407,348	\$ 5,557,077	\$ 7,719,673	\$ 15,684,098	\$ 14,200,232
Prepaid expenses	8,726	–	–	8,726	8,400
Accounts receivable	5,912	–	–	5,912	7,672
Investment in subsidiary (note 3)	3,034,777	–	–	3,034,777	2,895,600
	\$ 5,456,763	\$ 5,557,077	\$ 7,719,673	\$ 18,733,513	\$ 17,111,904



Assets

Liabilities and Fund Balances

Liabilities:					
Payable to The Moncton Hospital	\$ 82,829	\$ 78,790	\$ –	\$ 161,619	\$ 991,518
Accrued liabilities	12,000	–	–	12,000	12,000
	94,829	78,790	–	173,619	1,003,518
Fund balances:					
Unrestricted	5,361,934	–	–	5,361,934	5,577,739
Externally restricted	–	5,478,287	–	5,478,287	3,173,470
Endowment (note 4)	–	–	7,719,673	7,719,673	7,357,177
	5,361,934	5,478,287	7,719,673	18,559,894	16,108,386
	\$ 5,456,763	\$ 5,557,077	\$ 7,719,673	\$ 18,733,513	\$ 17,111,904

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, 2019, with comparative information for 2018

	Unspecified Funds	Specified Funds	Endowment Funds	2019 Total	2018 Total
Revenues:					
Annual Appeal	\$ -	\$ 69,334	\$ -	\$ 69,334	\$ 712,005
Capital Campaign	-	2,287,445	-	2,287,445	388,200
Donations and Memorials	372,226	490,613	21,981	884,820	1,111,464
Planned Giving	74,751	20,832	190,536	286,119	456,446
Employee Lottery	108,660	-	-	108,660	109,110
Investment income (note 5)	240,190	-	393,994	634,184	512,767
	795,827	2,868,224	606,511	4,270,562	3,289,992
Expenses:					
Administrative (note 6)	1,218,550	-	58,872	1,277,422	1,264,979
Employee Lottery	38,255	-	-	38,255	36,458
	1,256,805	-	58,872	1,315,677	1,301,437
Excess (deficiency) of revenues over expenses before the undernoted	(460,978)	2,868,224	547,639	2,954,885	1,988,555
Distributions to The Moncton Hospital:					
Annual Appeal	-	295,851	-	295,851	1,510,168
Other	-	346,703	-	346,703	487,205
	-	642,554	-	642,554	1,997,373
Excess (deficiency) of revenues over expenses before the undernoted	(460,978)	2,225,670	547,639	2,312,331	(8,818)
Equity income from investment in subsidiary	139,177	-	-	139,177	252,248
Excess (deficiency) of revenues over expenses	(321,801)	2,225,670	547,639	2,451,508	243,430
Fund balances, beginning of year	5,577,739	3,173,470	7,357,177	16,108,386	15,864,956
Transfer of Funds during the year	105,996	79,147	(185,143)	-	-
Fund balances, end of year	\$ 5,361,934	\$ 5,478,287	\$ 7,719,673	\$ 18,559,894	\$ 16,108,386

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, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 2,451,508	\$ 243,430
Items not involving cash:		
Equity income from investment in subsidiary	(139,177)	(252,248)
Realized gain on investments	(51,013)	(195,074)
Unrealized loss (gain) on investments	(292,958)	7,151
Increase in cash surrender value of life insurance	(13,697)	(13,686)
Change in non-cash operating working capital:		
Increase in prepaid expenses	(326)	(23)
Decrease (increase) in accounts receivable	1,760	(110)
Increase (decrease) in payable to The Moncton Hospital	(829,899)	373,489
	1,126,198	162,929
Investing activity:		
Net increase in investments	(294,306)	(464,237)
Increase (decrease) in cash	831,892	(301,308)
Cash, beginning of year	1,494,738	1,796,046
Cash, end of year (note 2)	\$ 2,326,630	\$ 1,494,738

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, 2019

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 funds, be it Specified or Endowment.

The Unspecified Funds accounts for the Foundation's program delivery and administrative activities. These funds report unrestricted resources. Unrestricted contributions are recognized as revenue of the Unspecified Funds 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 Funds when earned (note 6).

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(c) Capital assets:

The Foundation does not own 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:

	2019	2018
Cash	\$ 2,326,630	\$ 1,494,738
Investments:		
Cash held at investment manager	480,202	517,696
Fixed income	6,748,899	6,549,989
Equities	5,996,477	5,519,616
	13,225,578	12,587,301
Cash surrender value of life insurance policies	131,890	118,193
	\$ 15,684,098	\$ 14,200,232
Allocation of cash and investments:		
Unspecified Funds	\$ 2,407,348	\$ 2,754,641
Specified Funds	5,557,077	4,088,414
Endowment Funds	7,719,673	7,357,177
	\$ 15,684,098	\$ 14,200,232

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2019

3. 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.

	2019	2018
Balance Sheet		
Total assets	\$ 3,727,000	\$ 3,858,000
Total liabilities	\$ 692,000	\$ 962,000
Shareholder's equity	3,035,000	2,896,000
	\$ 3,727,000	\$ 3,858,000
Results of Operations		
Total revenues	\$ 1,577,000	\$ 1,516,000
Total expenses (i)	1,438,000	1,264,000
Net earnings	\$ 139,000	\$ 252,000
Cash Flows		
Cash provided by operations	\$ 291,000	\$ 531,000
Cash provided by (used for) financing activities	(610,000)	10,000
Cash used for investing activities	(16,000)	(452,000)
Increase (decrease) in cash	\$ (335,000)	\$ 89,000

(i) Total expenses include contributions of \$350,000 (2018 - \$200,000) to the Foundation. The contribution is recorded in the donations and memorials in the unspecified funds.

4. Endowment:

Endowment fund balances are subject to internally and externally imposed-restrictions stipulating that the resources be maintained permanently.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2019

5. Investment income:

			2019	2018
	Unspecified Funds	Endowment Funds	Total	Total
Interest and dividends	\$ 121,825	\$ 168,388	\$ 290,213	\$ 324,844
Realized gain (loss)	(27,782)	78,795	51,013	195,074
Unrealized gain (loss)	146,147	146,811	292,958	(7,151)
	\$ 240,190	\$ 393,994	\$ 634,184	\$ 512,767

6. Administrative expenses:

			2019	2018
Unspecified:				
Salaries and benefits		\$ 673,042	\$ 673,042	\$ 635,517
General and administrative		282,231	282,231	289,882
Communication and branding		185,357	185,357	203,291
Professional services		59,807	59,807	58,117
Board and staff education		18,113	18,113	17,339
		1,218,550	1,218,550	1,204,146
Endowment:				
Professional services		58,872	58,872	60,833
		\$ 1,277,422	\$ 1,277,422	\$ 1,264,979

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 2018.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2019

7. Financial risks (continued):

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 2018.

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 2018.

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 2018.

8. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect the prior year excess of revenues over expenses.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2019

FOUNDATION DIRECTORY

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

OFFICERS AND DIRECTORS:

Chair	- Mr. David Savoie
1st Vice-Chair	- Ms. Patricia Armour
2nd Vice-Chair	- Mr. Bill Hennessey
Past Chair	- Mr. Steve Fowler
Secretary	- Ms. Linda Saunders
Treasurer	- Ms. Nicole Légère-Doucet
Ex Officio	- Ms. Karen McGrath
	- Ms. Nancy Parker
Directors	- Mr. Ryan Dillon
	- Ms. Rachelle Gagnon
	- Dr. Paul Goobie
	- Mr. Robert Hiscock
	- Mr. Kirk Muise
	- Ms. Lois Scott
	- Ms. Sara Robinson
	- Ms. Barbara Winsor
	- Mr. Brian Hunt

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

AUDITORS:

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E1C 8N6