

Friends
OF THE MONCTON HOSPITAL
FOUNDATION



Amis
LA FONDATION DES AMIS DE
L'HÔPITAL DE MONCTON

2019 - 2020 Annual Report

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2020

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FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2020

INTRODUCTION

The Friends of The Moncton Hospital Foundation (the 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 2019-2020 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, 2016, 2017, 2018, 2019 and 2020:

(000's)	2020	2019	2018	2017	2016
REVENUES:					
Capital Campaign	\$ 2,377	\$ 2,287	\$ 388	\$ –	\$ –
Annual Appeals	397	69	712	844	800
Donations and Memorials	1,104	859	1,111	1,143	1,250
Planned Giving	833	286	456	392	336
Lotteries	181	109	109	208	336
Investment Income	388	367	520	256	493
	<u>5,280</u>	<u>3,977</u>	<u>3,296</u>	<u>2,843</u>	<u>3,215</u>
EXPENSES:					
Administrative	1,311	1,277	1,265	1,160	1,143
Lotteries	36	38	37	38	85
	<u>1,347</u>	<u>1,315</u>	<u>1,302</u>	<u>1,198</u>	<u>1,228</u>
	<u>3,933</u>	<u>2,662</u>	<u>1,994</u>	<u>1,645</u>	<u>1,987</u>
CONTRIBUTIONS:					
The Moncton Hospital	528	643	1,997	1,611	805
	<u>3,405</u>	<u>2,019</u>	<u>(3)</u>	<u>34</u>	<u>1,182</u>
OTHER INCOME (EXPENSE):					
Unrealized gain (loss) on investments	(950)	293	(7)	527	(505)
Equity income from investment of subsidiary	91	139	252	187	171
	<u>EXCESS OF REVENUES OVER EXPENSES</u>				
	<u>\$ 2,546</u>	<u>\$ 2,451</u>	<u>\$ 242</u>	<u>\$ 748</u>	<u>\$ 848</u>
FINANCIAL POSITION:					
ASSETS:					
Cash and investments	\$ 18,303	\$ 15,684	\$ 14,200	\$ 13,836	\$ 12,885
Investment in subsidiary	3,126	3,035	2,896	2,643	2,456
Other assets	12	15	16	16	58
	<u>\$ 21,441</u>	<u>\$ 18,734</u>	<u>\$ 17,112</u>	<u>\$ 16,495</u>	<u>\$ 15,399</u>
LIABILITIES AND FUND BALANCES:					
Liabilities	\$ 335	\$ 174	\$ 1,004	\$ 630	\$ 282
Fund balances	21,106	18,560	16,108	15,865	15,117
	<u>\$ 21,441</u>	<u>\$ 18,734</u>	<u>\$ 17,112</u>	<u>\$ 16,495</u>	<u>\$ 15,399</u>

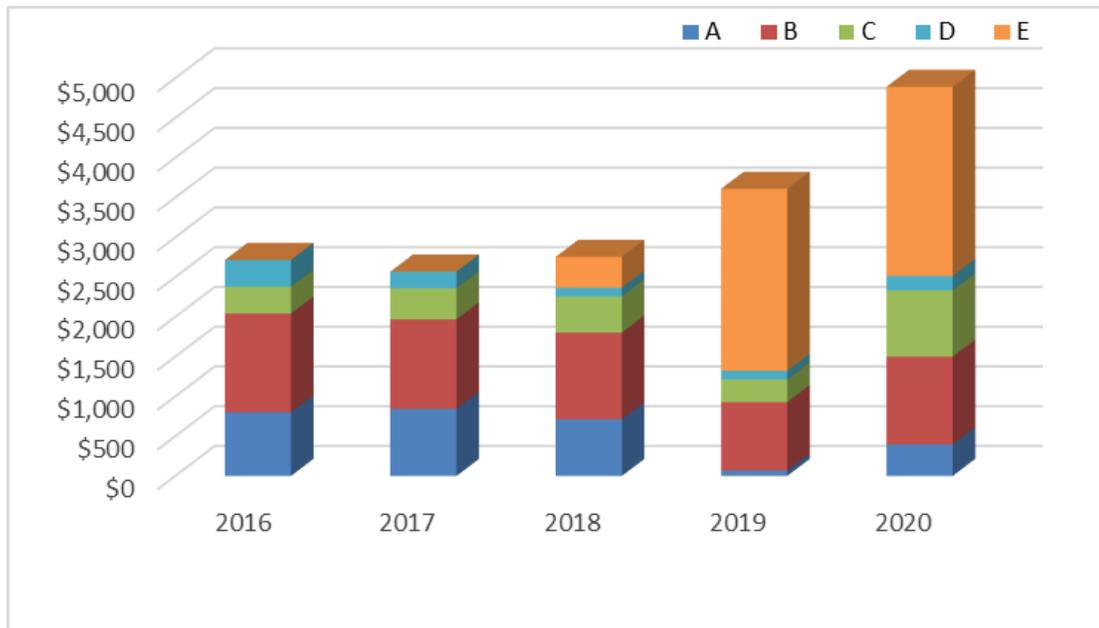
The details above are analyzed further on the following pages.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

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Year ended March 31, 2020

ANALYSIS OF REVENUE FROM FUND RAISING



A = Annual Appeal
B = Donations and Memorials
C = Planned Giving
D = Lotteries
E = Capital Campaign

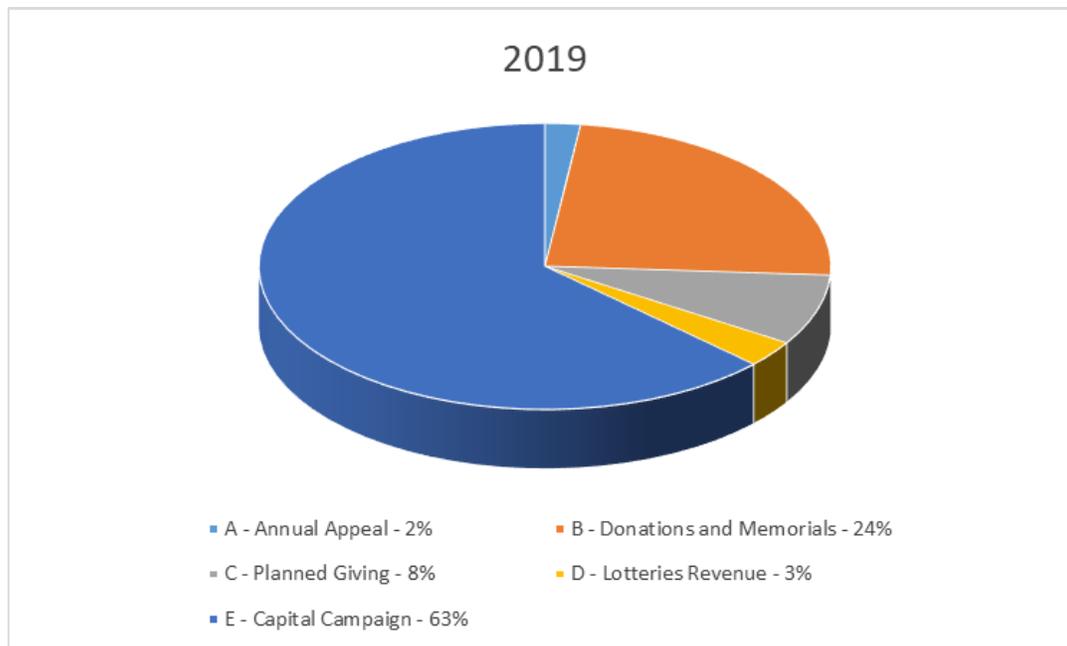
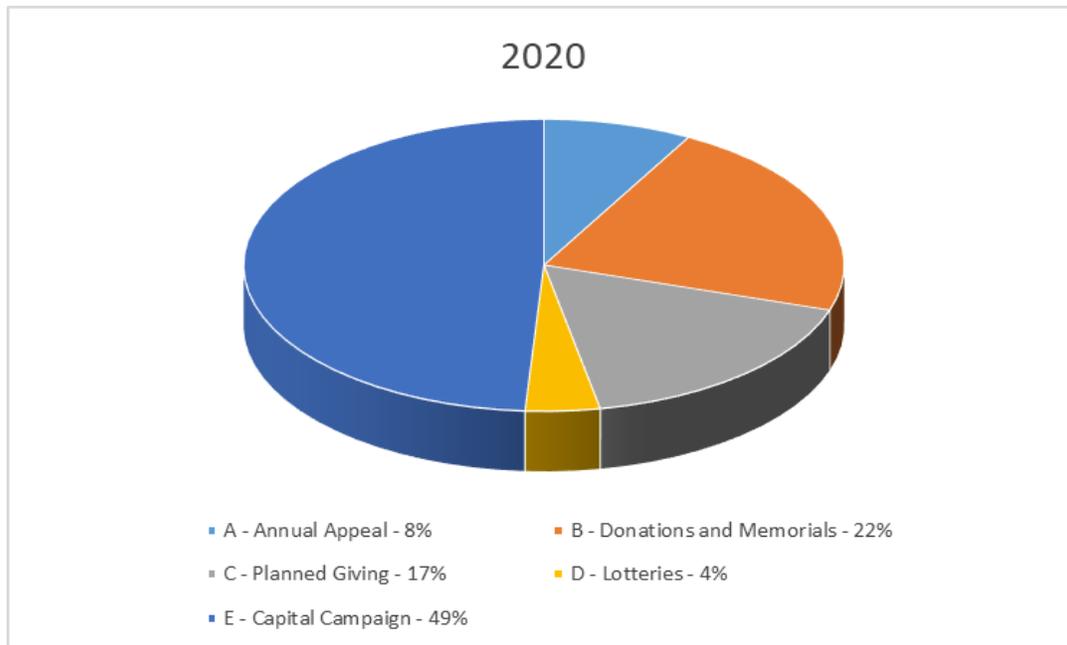
- A. As the Extraordinary Care Capital Campaign was the major fundraising focus for 2019-20, no annual campaign was launched during the year. Some donations continued to be received from the 2018-19 campaign, however.
- E. In addition to the revenues from the Employee Lottery, this year revenue was received from the NB Hospital Home Lottery in the first year of a partnership between the Saint John Regional Hospital Foundation, the CHU Dumont Hospital Foundation and the Friends of TMH Foundation.
- F. In September of 2019 the foundation announced that the Extraordinary Care Campaign had exceeded the goal of \$8 million, reaching \$10.1 million in support of the new Maternity Newborn and Cardiac Care Units at The Moncton Hospital. Many donors committed to five-year pledges. \$2,337,000 was received in 2019-20.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

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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, 2020 and March 31, 2019 are displayed above.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2020

CHAIR'S MESSAGE

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



Because of you, thousands of patients in Moncton, and beyond, are receiving lifesaving care, the latest treatment options, powered by state-of-the-art technology backed up by the very best medical expertise, in improved facilities. **Together**, we are advancing care for our friends, family and our community.

Please take a few moments to review the tremendous impact donations in 2019 - 2020 have had at The Moncton Hospital. We have many **philanthropic highlights** to share thanks to our faithful donors.

Our loyal donors were asked to give to the **#Be the Difference 2019-2020 Annual Campaign** to support sick kids and their families by funding the creation of a new **Complex Care Suite in the Paediatric Department** and for the purchase of an **advanced ultrasound machine** (first in New Brunswick) and **probe** that displays outstanding 3-D images of the kidneys on a high-resolution monitor during laparoscopic or *minimally invasive surgery*.

There is no example more concrete about how community support can transform health care than the success of the **Extraordinary Care Campaign** (ECC) which raised \$10.1 million, exceeding our goal by over \$2 million. This marked the Foundation's most ambitious campaign and one of the province's largest healthcare campaigns. This amount, combined with the Province of New Brunswick's multi-million-dollar commitment, will allow for two critical areas at Horizon's The Moncton Hospital to be brought into the twenty-first century. The vision is to build two new state-of-the-art areas of strength that will completely change the way health care is being delivered; with the creation of a Maternity and Newborn Unit (expected to break ground in 2020), and the relocation and expansion of the Cardiac Care Unit. We thank our ECC Campaign Chair, Robert K. Irving, and his team of 40 community volunteers for their unwavering commitment to meet, and then exceed, the challenging campaign goal.

The annual **Gifts for Life Society** luncheon was held on August 15th to honour donors who have committed to making a planned gift to the Friends. The guest speaker was Dr. Patrick Phelan who spoke to the attendees about the work being done in palliative care. We welcomed **Deborah Watling and William (Bill) McRae** as the newest Gifts for Life Society members.

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 \$648,000, an increase of over \$80,000 from the previous year. The 15th Annual **Swing into Spring Gala** held in May 2019, drew a large crowd who kicked up their heels to the Signal Hill Band and raised an impressive \$110,000. Meanwhile, the 19th annual Taylor Ford **Hit It Fore Health Golf Tournament** at Royal Oaks in September was another outstanding success, reaching the \$1 million raised milestone (over 19 years). This sold-out event yielded over \$90,000 for the ECC. Also of note, in five years, the physician-led cycling fundraiser, **NB Doctors Cycling Against Cancer**, has raised over \$330,000 to support cancer care for patients treated at the Dr. Sheldon H. Rubin Oncology Clinic and the in-patient unit. Steered by medical oncologist Dr. Mohammed Harb, 17 cyclists including TMH physicians, family, cancer survivors and pharmaceutical representatives, rode throughout the 500 kilometres around New Brunswick in a span of five days last June. Kudos to the Harrison Trimble High School Trojans who brought in \$30,000, yet again raising the bar from last year as the most money generated in the history of the Trojan Trek. This student-led fundraiser, which to date has raised over \$283,000 for the Neonatal Intensive Care Unit, continues to exemplify the community leadership of our youth.

The 9th Annual C103 & New Country 96.9 **Radiothon** held January 25th set another fundraising level. The 2019 goal of \$40,000 was surpassed, reaching over \$60,000. For the second year, Atlantic Lottery joined the event as our Corporate Partner with a \$25,000 lead gift. 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 **26th Annual Donor Dinner**, held on December 2nd. During the evening, 70 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**. Thirty-one donors contributed over \$800,000 through bequests, gifts of life insurance, and life insurance premium payments.

In April, many of our **Faithful Friends** (monthly donors) gathered in the now vacant Labour and Delivery Unit for a casual get together that included an exclusive overview of plans for the new Maternity and Newborn Unit by OBGYN and Chief of Staff, Dr. Ken Gillespie. Donors were also able to hear from the nurse managers of several of the units that will be housed in the new building, specifically the Neonatal Intensive Care Unit, Labour and Delivery & Maternity. We were pleased to thank these donors personally and showcase the plans for this exciting new facility that they helped fund.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

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Year ended March 31, 2020

CHAIR'S MESSAGE (continued)

In 2019-2020, Friends' **endowments** continued to grow. An impressive \$754,049 was endowed with seven new named endowments created, including: Al and Debbie Prescott Endowment Fund, Rebecca Schofield Endowment Fund, Everett and Kathleen Petley Endowment Fund, The Honorable Mr. Justice Ronald L. Tuck Endowment Fund, Willa Sealy Endowment Fund, Joanne and Bill Comeau Endowment Fund and the Reginald Ligouri and Terry M. Leblanc Endowment Fund.

We can celebrate the fact that the Foundation has had a number of endowments created to provide **educational funding for hospital staff**. This year, we were able to offer over \$25,000 in grants to 50 staff members attending conferences and workshops or pursuing other educational opportunities in their respective fields.

Still on the subject of endowments, the "**In Becca's Name**" fundraiser was launched on March 21st, 2019 with a long-term goal of \$250,000 to establish an endowment for The Rebecca Schofield Fund. This fund will help meet the needs of patients who experience economic hardship while undergoing treatment. The heartfelt remarks provided by Becca's parents, Anne and Darren, were a highlight of the launch press conference. Since then, a number of Foundation driven (e.g. Giving Tuesday, Smile Money Giving Marathon) and small community fundraisers collectively generated over \$94,000 by March 31, 2020. Of this amount, \$93,666 has been invested in the endowment.

We bid farewell to long time board member and Past Chair **Steve Fowler**, along with board members **Rachelle Gagnon** and **Bill Hennessey**. These community minded individuals were instrumental in moving the Foundation mission forward.

Who could have predicted that in March, **Covid-19** would change the way we live and deliver healthcare services? The pandemic forced dramatic challenges on our health care team. Our hospital's courageous staff worked tirelessly and made great sacrifices to care for our community in this ever-changing situation. As a result, the Covid-19 Care Fund was created to support the immediate and evolving needs of our doctors, nurses, healthcare professionals and administrators who continue to strive to keep our community safe during this time of uncertainty.

I would be remiss if I didn't acknowledge the support and dedication of our **Board of Directors** along with **Linda Saunders**, Friends President & CEO, for her exceptional leadership and her energetic team who do remarkable work making the Foundation a success.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

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CHAIR'S MESSAGE (continued)

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.

Yours in health,

A handwritten signature in black ink that reads "Patricia Armour". The signature is written in a cursive, flowing style.

Patricia Armour, 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, 2020



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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, 2020
- 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, 2020, 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, 2020 and March 31, 2019;
- 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, 2020 and March 31, 2019; and
- the excess of revenues over expenses reported in the non-consolidated statements of cash flows for the years ended March 31, 2020 and March 31, 2019.

Our opinion on the financial statements for the year ended March 31, 2019 was qualified accordingly because of the possible effects of this limitation in scope.



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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 2019-2020 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 2019-2020 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.



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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.

Chartered Professional Accountants
Moncton, Canada
June 18, 2020

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Non-Consolidated Statement of Financial Position

March 31, 2020, with comparative information for 2019

				2020	2019
	Unspecified Funds	Specified Funds	Endowment Funds	Total	Total
Cash and investments (note 2)	\$ 1,901,839	\$ 8,470,191	\$ 7,930,873	\$ 18,302,903	\$ 15,684,098
Prepaid expenses	8,873	–	–	8,873	8,726
Accounts receivable	3,041	–	–	3,041	5,912
Investment in subsidiary (note 3)	3,125,898	–	–	3,125,898	3,034,777
	\$ 5,039,651	\$ 8,470,191	\$ 7,930,873	\$ 21,440,715	\$ 18,733,513

Assets

Liabilities and Fund Balances

Liabilities:					
Payable to The Moncton Hospital	\$ 221,099	\$ 101,487	\$ –	\$ 322,586	\$ 161,619
Accrued liabilities	12,000	–	–	12,000	12,000
	233,099	101,487	–	334,586	173,619
Fund balances:					
Unrestricted	4,806,552	–	–	4,806,552	5,361,934
Externally restricted	–	8,368,704	–	8,368,704	5,478,287
Endowment (note 4)	–	–	7,930,873	7,930,873	7,719,673
	4,806,552	8,368,704	7,930,873	21,106,129	18,559,894
	\$ 5,039,651	\$ 8,470,191	\$ 7,930,873	\$ 21,440,715	\$ 18,733,513

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, 2020, with comparative information for 2019

				2020	2019
	Unspecified Funds	Specified Funds	Endowment Funds	Total	Total
Revenues:					
Annual Appeal	\$ -	\$ 396,816	\$ -	\$ 396,816	\$ 69,334
Capital Campaign	-	2,377,200	-	2,377,200	2,287,445
Donations and Memorials	434,278	570,413	99,671	1,104,362	858,985
Planned Giving	178,258	-	654,378	832,636	286,119
Lotteries	181,065	-	-	181,065	108,660
Investment income (note 5)	168,224	-	220,113	388,337	367,061
	961,825	3,344,429	974,162	5,280,416	3,977,604
Expenses:					
Administrative (note 6)	1,258,619	-	52,410	1,311,029	1,277,422
Lotteries	36,465	-	-	36,465	38,255
	1,295,084	-	52,410	1,347,494	1,315,677
Excess (deficiency) of revenues over expenses before the undernoted	(333,259)	3,344,429	921,752	3,932,922	2,661,927
Distributions to The Moncton Hospital:					
Annual Appeal	-	50,000	-	50,000	295,851
Capital campaign	-	45,400	-	45,400	-
Other	-	432,658	-	432,658	346,703
	-	528,058	-	528,058	642,554
Excess (deficiency) of revenues over expenses before the undernoted	(333,259)	2,816,371	921,752	3,404,864	2,019,373
Unrealized gain (loss) on investments	(487,734)	-	(462,016)	(949,750)	292,958
Equity income from investment in subsidiary	91,121	-	-	91,121	139,177
Excess (deficiency) of revenues over expenses	(729,872)	2,816,371	459,736	2,546,235	2,451,508
Fund balances, beginning of year	5,361,934	5,478,287	7,719,673	18,559,894	16,108,386
Transfer of funds during the year	174,490	74,046	(248,536)	-	-
Fund balances, end of year	\$ 4,806,552	\$ 8,368,704	\$ 7,930,873	\$ 21,106,129	\$ 18,559,894

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, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 2,546,235	\$ 2,451,508
Items not involving cash:		
Equity income from investment in subsidiary	(91,121)	(139,177)
Realized loss (gain) on investments	34,435	(51,013)
Unrealized loss (gain) on investments	949,750	(292,958)
Increase in cash surrender value of life insurance	(11,170)	(13,697)
Change in non-cash operating working capital:		
Increase in prepaid expenses	(147)	(326)
Decrease in accounts receivable	2,871	1,760
Increase (decrease) in payable to The Moncton Hospital	160,967	(829,899)
	3,591,820	1,126,198
Investing activity:		
Net increase in investments	(2,656,900)	(294,306)
Increase in cash	934,920	831,892
Cash, beginning of year	2,326,630	1,494,738
Cash, end of year (note 2)	\$ 3,261,550	\$ 2,326,630

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, 2020

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, 2020

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:

	2020	2019
Cash	\$ 3,261,550	\$ 2,326,630
Investments:		
Cash held at investment manager	507,290	480,202
Fixed income	7,788,625	6,748,899
Equities	6,602,378	5,996,477
	14,898,293	13,225,578
Cash surrender value of life insurance policies	143,060	131,890
	\$ 18,302,903	\$ 15,684,098
Allocation of cash and investments:		
Unspecified Funds	\$ 1,901,839	\$ 2,407,348
Specified Funds	8,470,191	5,557,077
Endowment Funds	7,930,873	7,719,673
	\$ 18,302,903	\$ 15,684,098

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2020

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.

	2020	2019
Balance Sheet		
Total assets	\$ 3,535,000	\$ 3,727,000
Total liabilities	\$ 409,000	\$ 692,000
Shareholder's equity	3,126,000	3,035,000
	\$ 3,535,000	\$ 3,727,000
Results of Operations		
Total revenues	\$ 1,613,000	\$ 1,577,000
Total expenses (i)	1,522,000	1,438,000
Net earnings	\$ 91,000	\$ 139,000
Cash Flows		
Cash provided by operations	\$ 222,000	\$ 291,000
Cash used for financing activities	(197,000)	(610,000)
Cash provided by (used for) investing activities	37,000	(16,000)
Increase (decrease) in cash	\$ 62,000	\$ (335,000)

(i) Total expenses include contributions of \$450,000 (2019 - \$350,000) 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, 2020

5. Investment income:

			2020		2019	
	Unspecified Funds	Endowment Funds	Total	Total	Total	Total
Interest and dividends	\$ 214,888	\$ 207,884	\$ 422,772	\$ 316,048		
Realized gain (loss)	(46,664)	12,229	(34,435)	51,013		
	\$ 168,224	\$ 220,113	\$ 388,337	\$ 367,061		

6. Administrative expenses:

			2020		2019	
Unspecified:						
Salaries and benefits		\$ 732,964	\$ 673,042			
General and administrative		223,005	282,231			
Communication and branding		177,927	185,357			
Professional services		102,254	59,807			
Board and staff education		22,469	18,113			
		1,258,619	1,218,550			
Endowment:						
Professional services		52,410	58,872			
		\$ 1,311,029	\$ 1,277,422			

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. See note 8 for changes to this risk exposure from 2019.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2020

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 2019.

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. See note 8 for changes to this risk exposure from 2019.

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 2019.

8. Impact of COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

From the declaration of the pandemic to the date of approval of the financial statements, the Foundation has responded with changes to its operating activities to ensure business continuity during the pandemic period.

The implications to the Foundation's market risk is as follows:

Market risk has increased due to significant volatility in financial markets. The Foundation's financial instruments are impacted by greater uncertainty surrounding currency, interest rate and other price volatility due to uncertainty in the environment due to the pandemic. The Foundation is continually monitoring the impact of market volatility on its financial instruments and will make adjustments to investment strategies as required to reduce the risk on the Foundation's operations and financial position.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Foundation's operations and financial position is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated net assets to sustain operations. An estimate of the financial effect of the pandemic on the Foundation cannot be determined at this time.

9. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2020

FOUNDATION DIRECTORY

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

OFFICERS AND DIRECTORS:

Chair	- Ms. Patricia Armour
1st Vice-Chair	- Mr. Ryan Dillon
2nd Vice-Chair	- Ms. Lois Scott
Past Chair	- Mr. David Savoie
Secretary	- Ms. Linda Saunders
Treasurer	- Ms. Nicole Légère-Doucet
Ex Officio	- Ms. Karen McGrath
	- Ms. Nancy Parker
Directors	- Mr. Ryan Dillon
	- Dr. Paul Goobie
	- Mr. Robert Hiscock
	- Mr. Kirk Muise
	- 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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