

TWIN RIVERS HEALTH CARE FOUNDATION INC.

FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2016

TWIN RIVERS HEALTH CARE FOUNDATION INC.

**FINANCIAL STATEMENTS
OCTOBER 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD
TWIN RIVERS HEALTH CARE FOUNDATION INC.
LLOYDMINSTER, ALBERTA**

We have audited the accompanying financial statements of the Twin Rivers Health Care Foundation Inc., which comprise the statement of financial position as at October 31, 2016, and the statement of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to the related income accounts or net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Twin Rivers Health Care Foundation Inc. as at October 31, 2016, and the results of its operations and changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Wilkinson Livingston Stevens LLP

Lloydminster, Alberta
February 7, 2017

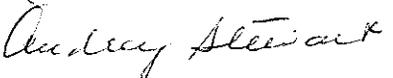
Chartered Accountants

TWIN RIVERS HEALTH CARE FOUNDATION INC.

STATEMENT OF FINANCIAL POSITION
OCTOBER 31, 2016

	2016	2015
ASSETS		
Current Assets		
Cash	278,198	311,155
Accounts receivable	1,488	2,629
Investments maturing within one year (Note 4)	79,214	166,085
Prepaid expenses	<u>1,093</u>	<u>1,056</u>
	359,993	480,925
Investments (Note 4)	<u>174,324</u>	<u>127,412</u>
	<u>\$ 534,317</u>	<u>\$ 608,337</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	1,000	-
Grants payable	51,197	65,000
Deferred contributions (Note 5)	<u>225,407</u>	<u>237,899</u>
	<u>277,604</u>	<u>302,899</u>
Net Assets		
Unrestricted net assets (Page 4)	<u>256,713</u>	<u>305,438</u>
	<u>\$ 534,317</u>	<u>\$ 608,337</u>

Approved On Behalf Of The Board

Director 
Director 

TWIN RIVERS HEALTH CARE FOUNDATION INC.

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED OCTOBER 31, 2016**

	2016	2015
Revenues		
Donations	77,229	120,634
Interest	<u>8,446</u>	<u>9,485</u>
	<u>85,675</u>	<u>130,119</u>
Expenses		
Contract services	6,996	-
Grants to enhance health care	115,157	137,540
Postage and office supplies	1,260	999
Professional fees	6,407	7,421
Subscriptions	3,274	3,266
Travel and development - Board	1,306	168
Volunteers recognition	<u>-</u>	<u>99</u>
	<u>134,400</u>	<u>149,493</u>
Excess (Deficiency) Of Revenues Over Expenses	(48,725)	(19,374)
Net assets at beginning	<u>305,438</u>	<u>324,812</u>
Net Assets At End	<u>\$ 256,713</u>	<u>\$ 305,438</u>

TWIN RIVERS HEALTH CARE FOUNDATION INC.

**CASH FLOW STATEMENT
YEAR ENDED OCTOBER 31, 2016**

	2016	2015
Operations		
Cash receipts from donors restricted for certain program expenditures	58,724	55,330
Cash receipts from donors for operations	7,142	1,152
Investment income received for operating purposes	2,172	2,913
Cash paid for restricted program expenditures	(83,890)	(86,930)
Cash paid for unrestricted program expenditures	(45,070)	-
Cash paid for other operating expenses	<u>(18,279)</u>	<u>(11,936)</u>
	<u>(79,201)</u>	<u>(39,471)</u>
Investing		
Equity accounts (net)	(478)	(528)
Purchase of investments	(47,568)	(36,307)
Maturity of investments	<u>94,290</u>	<u>74,665</u>
	<u>46,244</u>	<u>37,830</u>
Increase (decrease) in cash position	(32,957)	(1,641)
Cash at beginning	<u>311,155</u>	<u>312,796</u>
Cash At End	<u>\$ 278,198</u>	<u>\$ 311,155</u>

TWIN RIVERS HEALTH CARE FOUNDATION INC.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2016**

1. Purpose of the Organization

The Twin Rivers Health Care Foundation (the "Foundation") is an organization formed for the purpose of increasing public awareness of the value of locally delivered health services and converting those resources into volunteer and financial support. The Foundation is a registered charity under the Income Tax Act and has been granted tax-exempt status.

2. Principal Accounting Policies

The financial statements have been prepared for management in accordance with Canadian accounting standards for not-for-profit organizations. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and grants payable.

Contributed services

Volunteers contribute several hours per year to assist with the Foundation's fundraising activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

TWIN RIVERS HEALTH CARE FOUNDATION INC.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2016**

3. Financial Instruments

Interest rate risk

Interest rate risk is the risk to the Foundation's earnings that arise from fluctuations in interest rates and the degree of volatility of these rates. The Foundation holds guaranteed investments to reduce interest rate risk. See Note 4.

Credit risk

The Foundation is exposed to credit risk on receivables from its customers and donors. Credit risk is considered to be minimal due to the nature of the Foundation's operations.

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments. The Foundation manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

4. Investments

	2016	2015
Equitable Bank GIC, 1.88%, December 4, 2017	48,381	-
Laurentian Bank of Canada GIC, 2.95%, November 24, 2015	-	47,086
Home Trust GIC, 2.05%, October 31, 2016	-	45,820
President's Choice Bank GIC, 2.73%, November 20, 2018	46,136	44,968
Synergy Credit Union - Term Deposit, 0.95%, July 5, 2017	36,858	-
Synergy Credit Union - Term Deposit, 1.05%, June 20, 2019	37,370	-
Synergy Credit Union - Term Deposit, 1.20%, July 4, 2016	-	36,450
Synergy Credit Union - Term Deposit, 2.09%, July 4, 2016	-	36,729
Synergy Credit Union - Term Deposit, 2.20%, March 17, 2017	42,356	41,444
Synergy Credit Union - Term Deposit, 2.46%, June 4, 2018	39,926	38,967
Synergy Credit Union - Equity	<u>2,511</u>	<u>2,033</u>
	253,538	293,497
Less: Investments maturing within one year	<u>79,214</u>	<u>166,085</u>
	<u>\$ 174,324</u>	<u>\$ 127,412</u>
<u>Quoted market value</u>		
Equitable Bank GIC	48,386	-
Laurentian Bank of Canada GIC	-	47,444
Home Trust GIC	-	45,820
President's Choice Bank GIC	46,229	44,997
Synergy Credit Union - Term Deposits	156,510	153,590
Synergy Credit Union - Equity	<u>2,511</u>	<u>2,033</u>
	<u>\$ 253,636</u>	<u>\$ 293,884</u>

TWIN RIVERS HEALTH CARE FOUNDATION INC.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2016**

5. Deferred Contributions

Deferred contributions represent externally restricted operating funding received in the current period that is related to the subsequent period. Changes in the deferred contributions balance are as follows:

	2016	2015
Beginning balance, related to operating funding	237,899	298,296
Less amount recognized as revenue in the year	(69,098)	(118,356)
Add restricted donations received during the year	<u>56,606</u>	<u>57,959</u>
	<u>\$ 225,407</u>	<u>\$ 237,899</u>

Deferred contributions outstanding relate to the following programs:

Activities	9,875	11,681
Acute Care Services	968	18,823
Building Fund	25,795	25,690
Emergency Services	8,618	8,684
Equipment	24,682	37,897
First Responders	3,553	3,553
Health Centre	6,083	6,083
Home Care	27,092	30,523
Mental Health	50	50
Palliative Care	37,971	36,411
Rehab Services	4,652	4,652
Supportive Care	20,636	19,029
Vonnie Rutherford Nursing Scholarship	2,574	2,563
Wellness Centres	40,103	32,260
Red Hat Society	<u>12,755</u>	<u>-</u>
	<u>\$ 225,407</u>	<u>\$ 237,899</u>

TWIN RIVERS HEALTH CARE FOUNDATION INC.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2016**

6. Related Party Transactions

The Foundation was created to assist with the objectives of the Prairie North Health Region. Transactions between the Foundation and the Health Region are considered to be related party transactions. Office space and administrative expenses are provided to the Foundation by the Health Region at no cost. Gifts to the Health Region comprise the majority of the Foundation's grants to enhance health care expense.

The following summarizes the organization's related party transactions for the year.

	2016	2015
Expenses		
Grants to enhance health care	\$ 129,365	\$ 147,848

These transactions are in the normal course of operations and are measured at exchange amount, which is the amount of consideration established and agreed to by the related parties.

At the end of the year, the amounts due to and (from) related entities are as follows:

	2016	2015
Grants Payable to Prairie North Health Region	\$ 51,197	\$ 65,000

7. Comparative Amounts

Certain 2015 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year. The reclassifications resulted in no effect on reported net income.