

Friends
OF THE MONCTON HOSPITAL
FOUNDATION



Amis
LA FONDATION DES AMIS DE
L'HÔPITAL DE MONCTON

2020 - 2021 Annual Report

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2021

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FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2021

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 no less than 12 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 2020-2021 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.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

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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, 2017, 2018, 2019, 2020 and 2021:

(000's)	2021	2020	2019	2018	2017
REVENUES:					
Capital Campaign	\$ 1,635	\$ 2,377	\$ 2,287	\$ 388	\$ –
Annual Appeals	630	397	69	712	844
Donations and Memorials	824	1,095	859	1,111	1,143
Planned Giving	1,487	833	286	456	392
Lotteries	257	181	109	109	208
Investment Income	1,046	388	367	520	256
	<u>5,879</u>	<u>5,271</u>	<u>3,977</u>	<u>3,296</u>	<u>2,843</u>
EXPENSES:					
Administrative	1,229	1,311	1,277	1,265	1,160
Lotteries	31	36	38	37	38
	<u>1,260</u>	<u>1,347</u>	<u>1,315</u>	<u>1,302</u>	<u>1,198</u>
	<u>4,619</u>	<u>3,924</u>	<u>2,662</u>	<u>1,994</u>	<u>1,645</u>
CONTRIBUTIONS:					
The Moncton Hospital	620	528	643	1,997	1,611
	<u>3,999</u>	<u>3,396</u>	<u>2,019</u>	<u>(3)</u>	<u>34</u>
OTHER INCOME (EXPENSE):					
Unrealized gain (loss) on investments	972	(950)	293	(7)	527
Government assistance	76	9	–	–	–
Equity income from investment of subsidiary	44	91	139	252	187
	<u>EXCESS OF REVENUES OVER EXPENSES</u>				
	\$ 5,091	\$ 2,546	\$ 2,451	\$ 242	\$ 748
FINANCIAL POSITION:					
ASSETS:					
Cash and investments	\$ 23,415	\$ 18,303	\$ 15,684	\$ 14,200	\$ 13,836
Investment in subsidiary	3,170	3,126	3,035	2,896	2,643
Other assets	15	12	15	16	16
	<u>\$ 26,600</u>	<u>\$ 21,441</u>	<u>\$ 18,734</u>	<u>\$ 17,112</u>	<u>\$ 16,495</u>
LIABILITIES AND FUND BALANCES:					
Liabilities	\$ 403	\$ 335	\$ 174	\$ 1,004	\$ 630
Fund balances	26,197	21,106	18,560	16,108	15,865
	<u>\$ 26,600</u>	<u>\$ 21,441</u>	<u>\$ 18,734</u>	<u>\$ 17,112</u>	<u>\$ 16,495</u>

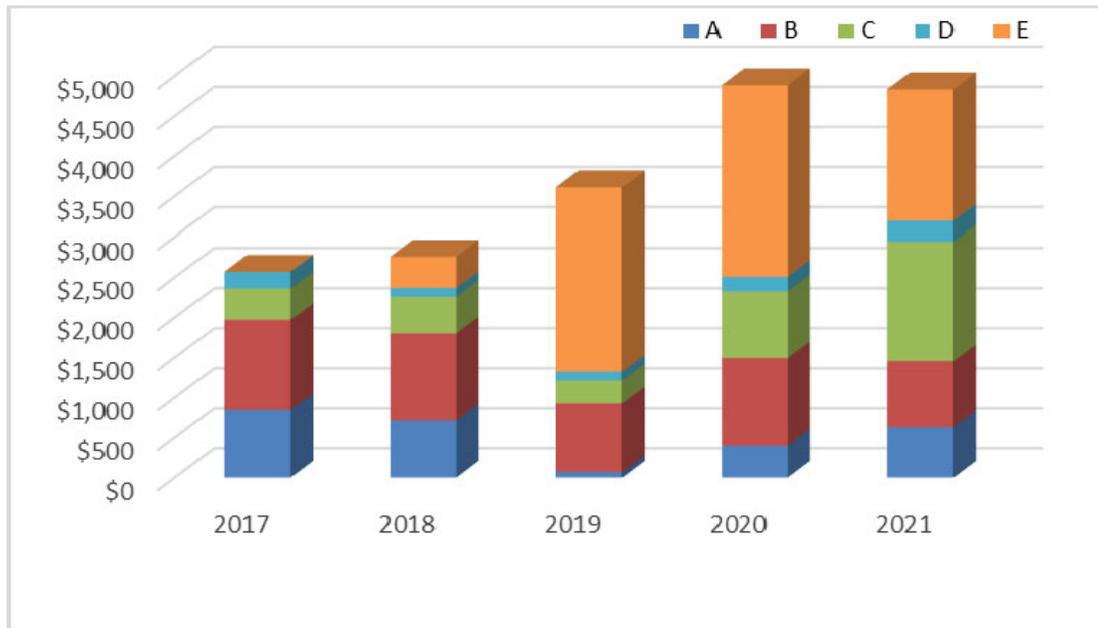
The details above are analyzed further on the following pages.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

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Year ended March 31, 2021

ANALYSIS OF REVENUE FROM FUND RAISING



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

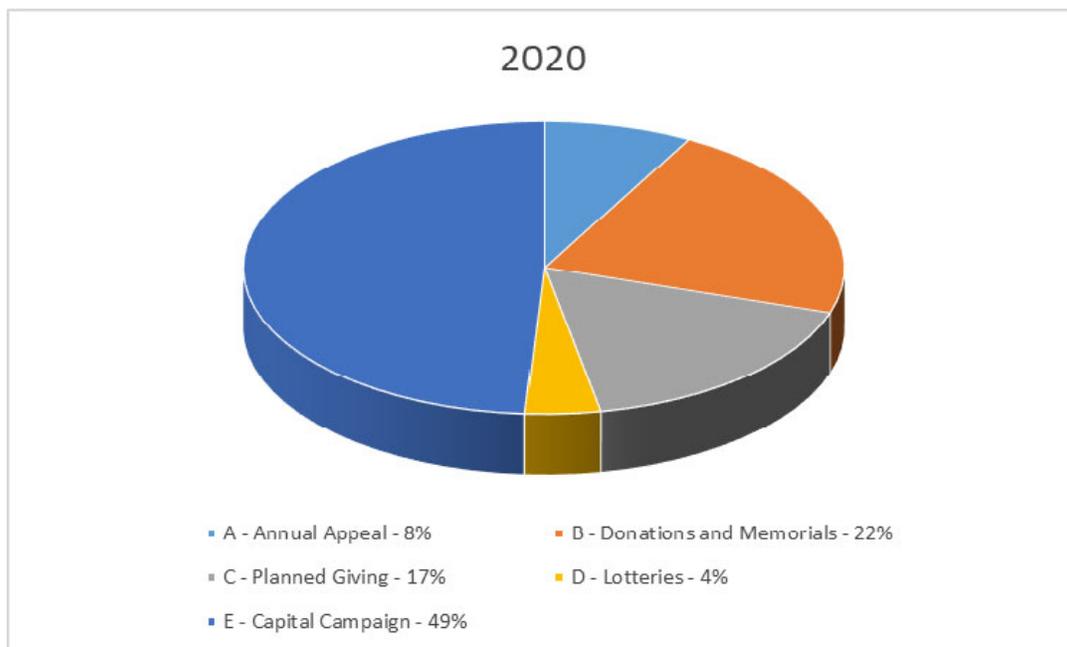
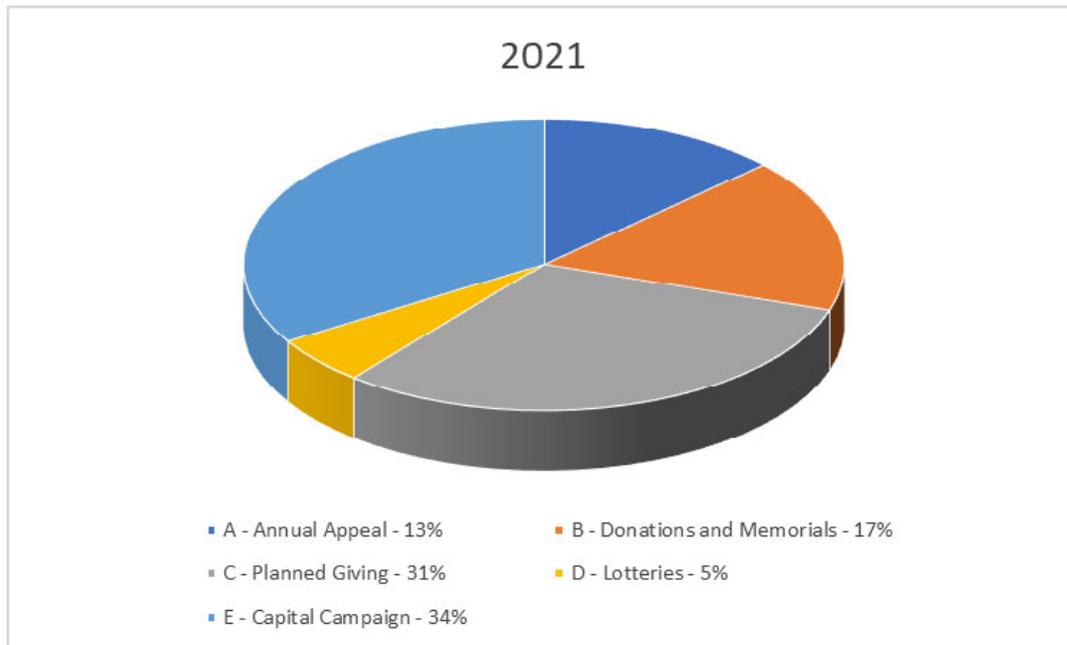
- A. A modified Annual Appeal was held in 2020/2021 as many donors were still committed to the Capital Campaign through their multi-year pledges.
- B. This category was down approximately 25% over last year due primarily to pandemic related impacts.
- C. The Foundation achieved very strong results in planned giving due to a large, outright gift of securities of approximately \$1 million.
- D. The NB Hospital Home Lottery sold out early in its second year. The results of the partnership with the Saint John Regional Hospital Foundation and the CHU Dumont Hospital Foundation grew significantly over last year.
- E. Pledges continue to be received from the \$10.1 million Extraordinary Care Capital Campaign, contributing significantly in 2020/2021. Revenue can be expected to decline year over year as pledge commitments are realized.

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, 2021 and March 31, 2020 are displayed above.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2021

CHAIR'S MESSAGE

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



Goodwill, grit and a great deal of pivoting ensured that the Friends of The Moncton Hospital Foundation successfully navigated the pandemic. Despite the challenges, I am delighted to share that we have **recorded the best year in the Foundation's history** with **\$5.88 million** generated. Helping us reach that impressive level of giving, was a **\$1 million grateful patient donation** to the hospital – marking the Foundation's largest outright gift.

One thing this pandemic has reminded us of is the critical importance of local healthcare. Our donors didn't stop giving, and for that we are deeply appreciative. Together, we've helped thousands of patients receive lifesaving care, the latest treatment options, powered by sophisticated technology and backed up by the very best medical expertise in improved facilities.

Back in March, your Foundation established the **Covid-19 Care Fund** to respond to emerging staff and patient needs at The Moncton Hospital (TMH) stemming from the pandemic. The response was phenomenal raising over close to \$94,000 for a Chest Compression System in the Emergency Department, phlebotomy chairs for the clinic at the coliseum, and iPads to allow patients to communicate with their families. Cost of TV service for patients who couldn't afford to pay was also covered. In addition, a contribution was made towards our staff BBQ - a much needed morale booster.

Covid-19 placed many challenges on our fundraisers including the cancellation of our **Annual Swing Into Spring Gala** and **Hit It Fore Health Golf Tournament**. We switched to online and virtual events and were creative in many other ways. One example is the success of the **NB Doctors Cycling Against Cancer Ride** which was changed to a solo ride and raised more than \$100,000, the most ever in our 6-year history. With Ride funds, the Foundation purchased a \$234,000 digital slide scanner to help pathologists detect cancer.

We wrapped up the **#BetheDifference 2019/2020 Annual Campaign** to support sick kids and their families by funding the creation of a new **Complex Care Suite in the Pediatric 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. Construction of the Complex Care Suite will begin this summer anticipating a Fall completion.

You may have noticed the **new awning at the Dr. Sheldon H. Rubin Oncology Clinic** – a welcome addition to protect cancer patients from the outside elements when arriving and leaving from their appointments. The entire project cost \$137,500, of which \$75,000 came from the estate of Gilbert Bowness, with the remainder of funds from NB Doctors Cycling Against Cancer fundraising.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Annual Report

Year ended March 31, 2021

CHAIR'S MESSAGE (continued)

Construction started on a new family-centered Maternity and Newborn Unit. The new building on MacBeath Avenue, will include the Labour and Birthing Unit, Neonatal Intensive Care Unit and the Maternal Fetal Medicine Clinic. Expected date of occupancy is early 2023. This has all been made possible with funds from the Extraordinary Care Campaign and the provincial government. The second project, a new **Coronary Care Unit and a Coronary/Step-Down Unit**, is tentatively scheduled to start in April 2022, with expected occupancy in March 2025.

Our loyal donors were asked to give to the **#SoManyReasonstoGive 2020/2021 Annual Campaign to advance cancer care at TMH**. These funds will provide a **rooftop sunroom and garden space** for cancer patients on the oncology inpatient unit. This much needed area will foster wellness, relaxation and healing in a comforting environment. The pandemic greatly reinforced and highlighted the need for this project. The Foundation will also be investing in a sophisticated **endobronchial ultrasound** commonly known as an EBUS. This highly effective, minimally invasive diagnostic tool is the method of choice for respirologists and thoracic surgeons. The EBUS can accurately diagnose pulmonary diseases, principally lung. Right now, for some patients, there is a 2 to 3 hour surgery, followed by 5 to 6 days in hospital and then an 8 to 12 week recovery period. This modern device allows patients to get back into their daily routines and activities and permits them to spend more time doing what they personally enjoy, much sooner than ever before! These projects will give us all peace of mind knowing that our friends, family and neighbours dealing with cancer, can receive world class care here at home.

The show must go on and go on it did! Another pandemic success story is the 10th Annual Q103 & New Country 96.9 **Radiothon** held January 29 which generated \$75,000 - the most in the event's history - smashing the goal of \$50,000! For the third year, Atlantic Lottery joined as our Corporate Partner with a \$25,000 lead gift. Although this year's milestone Radiothon was certainly challenging due to Covid-19 and the many operational adaptations that had to be made during the 12-hour live broadcast - there were countless memorable moments to celebrate.

With great pleasure, the Foundation virtually honoured donors who have contributed a total of \$10,000 or more at our **27th Annual Donor Dinner**, held on December 16. During the evening, 36 individuals, community groups, and businesses were recognized for having reached new milestones in cumulative giving. Our guest speaker was Infectious Disease Specialist Dr. Gordon Dow.

The Foundation had a very successful year in **planned giving**. A number of our donors contributed over \$1.48 million through bequests, gifts of listed securities, and life insurance premium payments.

In 2020/2021, Friends' **endowments** continued to grow with six new named endowments created, including:

MRDIB and Cullen Family Endowment Fund, Thomas and Ruth Barnes Memorial Fund, Carol and George Proctor Endowment Fund, Linda Saunders Endowment Fund, Bernard Sloan Endowment Fund and the Lynn Whalen Memorial Endowment Fund.

Close to \$272,000 will be disbursed from our endowments to various funds in 2021/2022.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

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CHAIR'S MESSAGE (continued)

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 \$6,000 in grants to 11 staff members. This is much lower than previous years due to Covid-19 which hindered the staff's ability to attend conferences, workshops and other educational opportunities.

We bid farewell to board members **David Savoie, Dr. Paul Goobie, Robert Hiscock, Kirk Muise and Jacques Pinet**. These community minded individuals were instrumental in moving the Foundation's mission forward. We embraced new directors **Carol Chapman, Shane Esson, Steve McLaughlin and Dr. Serge Melanson**. Temporary Board appointees **Tracy Clinch, Celine Robichaud-Trifts, Wayne McDonald and Mike Jenkins** will be formally appointed at the 2021 AGM.

I would be remiss if I didn't acknowledge the support and dedication of our **Board of Directors** and **the Friends Foundation staff** who came together in extraordinary ways in very challenging circumstances.

We said goodbye to **Linda Saunders**, Friends President and CEO, who retired after 31 years at the helm. A virtual retirement celebration was held to recognize her exceptional leadership and for all she accomplished during her tenure. We were delighted that The Linda Saunders Endowment Fund was created in her honour. We welcomed her successor **Greg King** who took over at the helm in September. We can say with confidence that we are in great hands as Greg leads the Foundation into its bright future.

It is imperative to highlight the **resiliency of our physicians, nurses, and all those in supporting roles** that have been tested to the limit. But through it all, they have demonstrated time and again their commitment to delivering the highest quality and safest patient care possible.

Our donors invest in what matters most - our health, the health of our loved ones and the health of our community. Thank you just doesn't seem to be enough to express our utmost gratitude to you - our donors - for your continued support during the pandemic.

It is a privilege to have such generous supporters in creating a healthier tomorrow.

Yours in health,



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, 2021



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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, 2021
- 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, 2021, 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, 2021 and March 31, 2020;
- the revenues, excess 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, 2021 and March 31, 2020; and
- the excess of revenues over expenses reported in the non-consolidated statements of cash flows for the years ended March 31, 2021 and March 31, 2020.

Our opinion on the financial statements for the year ended March 31, 2020 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 2020-2021 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 2020-2021 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.



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- 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.

KPMG LLP

Chartered Professional Accountants
Moncton, Canada
June 10, 2021

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Non-Consolidated Statement of Financial Position

March 31, 2021, with comparative information for 2020

				2021	2020
	Unspecified Funds	Specified Funds	Endowment Funds	Total	Total
Assets					
Cash and investments (note 2)	\$ 3,383,036	\$10,632,078	\$ 9,399,793	\$23,414,907	\$ 18,302,903
Accounts receivable	5,085	–	–	5,085	3,041
Prepaid expenses	9,491	–	–	9,491	8,873
Investment in subsidiary (note 3)	3,170,417	–	–	3,170,417	3,125,898
	\$ 6,568,029	\$10,632,078	\$ 9,399,793	\$26,599,900	\$ 21,440,715

Liabilities and Fund Balances

Liabilities:					
Payable to The Moncton Hospital	\$ 110,726	\$ 248,686	\$ –	\$ 359,412	\$ 322,586
Accrued liabilities	43,154	–	–	43,154	12,000
	153,880	248,686	–	402,566	334,586
Fund balances:					
Unrestricted	6,414,149	–	–	6,414,149	4,806,552
Externally restricted	–	10,383,392	–	10,383,392	8,368,704
Endowment (note 4)	–	–	9,399,793	9,399,793	7,930,873
	6,414,149	10,383,392	9,399,793	26,197,334	21,106,129
	\$ 6,568,029	\$10,632,078	\$ 9,399,793	\$26,599,900	\$ 21,440,715

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, 2021, with comparative information for 2020

				2021	2020
	Unspecified Funds	Specified Funds	Endowment Funds	Total	Total
Revenues:					
Annual Appeal	\$ –	\$ 629,595	\$ –	\$ 629,595	\$ 396,816
Capital Campaign	–	1,635,488	–	1,635,488	2,377,200
Donations and Memorials	307,232	435,144	81,833	824,209	1,095,693
Planned Giving	1,129,639	10,000	347,633	1,487,272	832,636
Lotteries	257,033	–	–	257,033	181,065
Investment income (note 5)	550,056	–	495,881	1,045,937	388,337
	2,243,960	2,710,227	925,347	5,879,534	5,271,747
Expenses:					
Administrative (note 6)	1,164,342	–	64,897	1,229,239	1,311,029
Lotteries	31,025	–	–	31,025	36,465
	1,195,367	–	64,897	1,260,264	1,347,494
Excess of revenues over expenses before the undernoted	1,048,593	2,710,227	860,450	4,619,270	3,924,253
Distributions to The Moncton Hospital:					
Annual Appeal	–	50,581	–	50,581	50,000
Capital Campaign	–	–	–	–	45,400
Other	–	569,958	–	569,958	432,658
	–	620,539	–	620,539	528,058
Excess of revenues over expenses before the undernoted	1,048,593	2,089,688	860,450	3,998,731	3,396,195
Unrealized gain (loss) on investments	438,965	–	533,470	972,435	(949,750)
Government assistance	75,520	–	–	75,520	8,669
Equity income from investment in subsidiary	44,519	–	–	44,519	91,121
Excess of revenues over expenses	1,607,597	2,089,688	1,393,920	5,091,205	2,546,235
Fund balances, beginning of year	4,806,552	8,368,704	7,930,873	21,106,129	18,559,894
Transfer of funds during the year	–	(75,000)	75,000	–	–
Fund balances, end of year	\$ 6,414,149	\$10,383,392	\$ 9,399,793	\$26,197,334	\$ 21,106,129

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, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 5,091,205	\$ 2,546,235
Items not involving cash:		
Equity income from investment in subsidiary	(44,519)	(91,121)
Realized loss (gain) on investments	(517,503)	34,435
Unrealized loss (gain) on investments	(972,435)	949,750
Increase in cash surrender value of life insurance	(14,946)	(11,170)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(2,044)	2,871
Increase in prepaid expenses	(618)	(147)
Increase in payable to The Moncton Hospital	36,826	160,967
Increase in accrued liabilities	31,154	-
	3,607,120	3,591,820
Investing activity:		
Net decrease (increase) in investments	968,569	(2,656,900)
Increase in cash	4,575,689	934,920
Cash, beginning of year	3,261,550	2,326,630
Cash, end of year (note 2)	\$ 7,837,239	\$ 3,261,550

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, 2021

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. 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, 2021

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:

	2021	2020
Cash	\$ 7,837,239	\$ 3,261,550
Investments:		
Cash held at investment manager	496,528	507,290
Fixed income	8,655,327	7,788,625
Equities	6,267,807	6,602,378
	15,419,662	14,898,293
Cash surrender value of life insurance policies	158,006	143,060
	\$ 23,414,907	\$ 18,302,903
Allocation of cash and investments:		
Unspecified Funds	\$ 3,383,036	\$ 1,901,839
Specified Funds	10,632,078	8,470,191
Endowment Funds	9,399,793	7,930,873
	\$ 23,414,907	\$ 18,302,903

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

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 company 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.

	2021	2020
Balance Sheet		
Total assets	\$ 3,355,000	\$ 3,535,000
Total liabilities	\$ 185,000	\$ 409,000
Shareholder's equity	3,170,000	3,126,000
	\$ 3,355,000	\$ 3,535,000
Results of Operations		
Total revenues	\$ 1,657,000	\$ 1,613,000
Total expenses (i)	1,613,000	1,522,000
Net earnings	\$ 44,000	\$ 91,000
Cash Flows		
Cash provided by operations	\$ 197,000	\$ 222,000
Cash provided by (used for) financing activities	60,000	(197,000)
Cash provided by investing activities	24,000	37,000
Increase in cash	\$ 281,000	\$ 62,000

(i) Total expenses include contributions of \$515,000 (2020 - \$450,000) to the Foundation. A contribution in the amount of \$500,000 was recorded in the capital campaign in the Specified Funds and \$15,000 was recorded in donations and memorials in the Endowment 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, 2021

5. Investment income:

			2021	2020
	Unspecified Funds	Endowment Funds	Total	Total
Interest and dividends	\$ 269,626	\$ 258,808	\$ 528,434	\$ 422,772
Realized gain (loss)	280,430	237,073	517,503	(34,435)
	\$ 550,056	\$ 495,881	\$ 1,045,937	\$ 388,337

6. Administrative expenses:

	2021	2020
Unspecified:		
Salaries and benefits	\$ 751,631	\$ 732,964
General and administrative	175,818	223,005
Communication and branding	119,521	177,927
Professional services	116,588	102,254
Board and staff education	784	22,469
	1,164,342	1,258,619
Endowment:		
Professional services	64,897	52,410
	\$ 1,229,239	\$ 1,311,029

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.

FRIENDS OF THE MONCTON HOSPITAL FOUNDATION, INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

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 2020.

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. At March 31, 2021, approximately 13.9% (2020 - 13.8%) of the Foundation's investments are denominated in U.S. dollar currency.

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 2020.

e) Other risks:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has presented many uncertainties which have reflected in the subsequent stock market volatility. Equity markets have reacted with the biggest decline experienced in more than a decade. In response, both the U.S. Federal Reserve and the Bank of Canada quickly reduced their key interest rates by 50 basis points. At this time, governments and businesses around the world are introducing significant measures to contain and control the spread of the COVID-19. The full impact of these circumstances on global growth and businesses will not be fully understood until more time has passed. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the business is not known at this time.

8. 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, 2021

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
Secretary	- Mr. Greg King
Treasurer	- Ms. Nicole Légère-Doucet
Ex Officio	- Ms. Karen McGrath
	- Ms. Nancy Parker
Directors	- Carol Chapman
	- Tracy Clinch
	- Shane Esson
	- Brian M. Hunt
	- Mike Jenkins
	- Wayne McDonald
	- Steve McLaughlin
	- Dr. Serge Melanson
	- Sara Robinson
	- Lois Scott
	- Barbara Winsor
	- Céline Robichaud-Trifts

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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Moncton, NB
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