

Financial statements

**St. Martha's Regional Hospital Foundation**

March 31, 2022

# Contents

	<b><u>Page</u></b>
Independent auditor's report	1 - 2
Statements of operations	3
Statements of changes in net assets	4
Statements of financial position	5
Statements of cash flows	6
Notes to the financial statements	7 - 11

# Independent auditor's report

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To the Directors of  
[St. Martha's Regional Hospital Foundation](#)

## Qualified Opinion

We have audited the financial statements of St. Martha's Regional Hospital Foundation ("the Foundation"), which comprise the statements of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly in all material respects, the financial position of St. Martha's Regional Hospital Foundation as at March 31, 2022, and its results of operations and its 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, parking and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations, parking and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2022 and March 31, 2021, current assets as at March 31, 2022 and March 31, 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our 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.

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

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's 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 auditor's 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 these 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 auditor's 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 auditor's 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.

We 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.

Antigonish, Canada  
June 20, 2022

*Grant Thornton LLP*

Chartered Professional Accountants

# St. Martha's Regional Hospital Foundation

## Statements of operations

Year ended March 31

	<u>Operating</u>	<u>Investment</u>	<u>Parking Endowment</u>	<u>Campaign</u>	<u>2022 Total</u>	<u>2021 Total</u>
Revenue						
Donations						
Bequests and donations	\$ 74,491	\$ -	\$ -	\$ -	\$ 74,491	\$ 807,413
Designated bequests and donations (Note 3)	117,879	-	-	-	117,879	65,138
Campaign donations	-	-	-	1,483,991	1,483,991	1,690,434
	<u>192,370</u>	-	-	<u>1,483,991</u>	<u>1,676,361</u>	2,562,985
Fundraising	154,620	-	-	-	154,620	136,716
Parking	25,733	-	231,596	-	257,329	230,086
Canada Emergency Wage Subsidy	-	-	-	-	-	13,841
Interest and dividends	818	434,712	-	-	435,530	348,964
Realized gain on investments	-	69,930	-	-	69,930	2,523,538
Unrealized gains on investments	-	451,446	-	-	451,446	1,180,324
	<u>373,541</u>	<u>956,088</u>	<u>231,596</u>	<u>1,483,991</u>	<u>3,045,216</u>	<u>6,996,454</u>
Expenditure						
Administrative						
Bank charges and broker fees	793	97,738	-	13,854	112,385	16,857
Office and equipment	43,719	-	-	-	43,719	38,765
Professional fees	22,638	-	-	-	22,638	28,269
Fundraising	34,429	-	-	30,888	65,317	63,714
Wages and benefits	76,323	-	-	78,576	154,899	152,415
	<u>177,902</u>	<u>97,738</u>	-	<u>123,318</u>	<u>398,958</u>	<u>300,020</u>
Contributions to St. Martha's Regional Hospital	117,879	-	38,967	119,663	276,509	548,198
	<u>295,781</u>	<u>97,738</u>	<u>38,967</u>	<u>242,981</u>	<u>675,467</u>	<u>848,218</u>
Excess of revenue over expenditures	<u>\$ 77,760</u>	<u>\$ 858,350</u>	<u>\$ 192,629</u>	<u>\$ 1,241,010</u>	<u>\$ 2,369,749</u>	<u>\$ 6,148,236</u>

See accompanying notes to the financial statements.

# St. Martha's Regional Hospital Foundation

## Statements of changes in net assets

Year ended March 31

	<u>Operating</u>	<u>Investment</u>	<u>Parking Endowment</u>	<u>Campaign</u>	<u>2022 Total</u>	<u>2021 Total</u>
Net assets, beginning of year	\$ 10,468	\$17,717,065	\$ 924,430	\$ 18,699	\$18,670,662	\$12,522,426
Excess of revenue over expenditure	77,760	858,350	192,629	1,241,010	2,369,749	6,148,236
Inter-fund transfer Net Surplus	<u>(77,760)</u>	<u>1,318,770</u>	<u>-</u>	<u>(1,241,010)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 10,468</u>	<u>\$19,894,185</u>	<u>\$ 1,117,059</u>	<u>\$ 18,699</u>	<u>\$21,040,411</u>	<u>\$18,670,662</u>

See accompanying notes to the financial statements.

# St. Martha's Regional Hospital Foundation

## Statements of financial position

Year ended March 31

	<u>Operating</u>	<u>Investment</u>	<u>Parking Endowment</u>	<u>Campaign</u>	<u>2022 Total</u>	<u>2021 Total</u>
<b>Assets</b>						
Current						
Cash and cash equivalents	\$ 1,100,500	\$ 114,319	\$ 1,266,519	\$ -	\$ 2,481,338	\$ 1,883,192
Receivables	8,106	-	-	-	8,106	36,208
Prepays	9,243	-	-	-	9,243	1,765
Inter-fund receivable	149,460	899,670	-	18,699	1,067,829	800,179
Investments (Note 4)	-	18,898,895	-	-	18,898,895	17,090,636
	<u>\$ 1,267,309</u>	<u>\$19,912,884</u>	<u>\$ 1,266,519</u>	<u>\$ 18,699</u>	<u>\$22,465,411</u>	<u>\$19,811,980</u>
<b>Liabilities</b>						
Current						
Payables and accruals (Note 5)	\$ 41,846	\$ -	\$ -	\$ -	\$ 41,846	\$ 84,567
Inter-fund payable	899,670	18,699	149,460	-	1,067,829	800,179
	<u>\$ 941,516</u>	<u>\$ 18,699</u>	<u>\$ 149,460</u>	<u>\$ -</u>	<u>\$ 1,109,675</u>	<u>\$ 884,746</u>
Designated bequests and donations (Note 3)	315,325	-	-	-	\$ 315,325	\$ 256,572
	<u>\$ 1,256,841</u>	<u>\$ 18,699</u>	<u>\$ 149,460</u>	<u>\$ -</u>	<u>\$ 1,425,000</u>	<u>\$ 1,141,318</u>
<b>Equity</b>						
Net Assets	10,468	19,894,185	1,117,059	18,699	21,040,411	18,670,662
	<u>\$ 1,267,309</u>	<u>\$19,912,884</u>	<u>\$ 1,266,519</u>	<u>\$ 18,699</u>	<u>\$22,465,411</u>	<u>\$19,811,980</u>

Approved on behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to the financial statements.

# St. Martha's Regional Hospital Foundation

## Statements of cash flows

Year ended March 31

	<u>Operating</u>	<u>Investment</u>	<u>Parking Endowment</u>	<u>Campaign</u>	<u>2022 Total</u>	<u>2021 Total</u>
Increase (decrease) in cash and cash equivalents						
<b>Operating</b>						
Excess of revenue over expenditure	\$ 77,760	\$ 858,350	\$ 192,629	\$ 1,241,010	\$ 2,369,749	\$ 6,148,236
Change in non-cash operating working capital						
Receivables	28,102	-	-	-	28,102	(31,481)
Prepays	(7,478)	-	-	-	(7,478)	335
Deferred revenue – designated bequests and donations	58,753	-	-	-	58,753	(2,491)
Payables and accruals	<u>(42,721)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,721)</u>	<u>(43,412)</u>
	<u>114,416</u>	<u>858,350</u>	<u>192,629</u>	<u>1,241,010</u>	<u>2,406,405</u>	<u>6,071,187</u>
<b>Investing</b>						
Change in investments	<u>-</u>	<u>(1,808,259)</u>	<u>-</u>	<u>-</u>	<u>(1,808,259)</u>	<u>(6,916,484)</u>
Net (increase) decrease in cash and cash equivalents	114,416	(949,909)	192,629	1,241,010	598,146	(845,297)
Cash and cash equivalents						
Beginning of year	789,592	16,409	1,077,191	-	1,883,192	2,728,489
Inter-fund adjustments	<u>196,492</u>	<u>1,047,819</u>	<u>(3,301)</u>	<u>(1,241,010)</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 1,100,500</u>	<u>\$ 114,319</u>	<u>\$ 1,266,519</u>	<u>\$ -</u>	<u>\$ 2,481,338</u>	<u>\$ 1,883,192</u>
Cash and cash equivalents consist of						
Cash - unrestricted	\$ 1,100,500	\$ -	\$ -	\$ -	\$ 1,100,500	\$ 789,592
Cash and short term investments - restricted	<u>-</u>	<u>114,319</u>	<u>1,266,519</u>	<u>-</u>	<u>1,380,838</u>	<u>1,093,600</u>
	<u>\$ 1,100,500</u>	<u>\$ 114,319</u>	<u>\$ 1,266,519</u>	<u>\$ -</u>	<u>\$ 2,481,338</u>	<u>\$ 1,883,192</u>

See accompanying notes to the financial statements.



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# St. Martha's Regional Hospital Foundation

## Notes to the financial statements

March 31, 2022

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### 1. Nature of operations

St. Martha's Regional Hospital Foundation is a not-for-profit Organization, incorporated in 1991 for the purpose of raising funds towards equipment, research and other expenses of St. Martha's Regional Hospital located in Antigonish, Nova Scotia. The Foundation's not-for-profit status makes it exempt for income tax purposes.

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### 2. Summary of significant accounting policies

#### Basis of presentation

St. Martha's Regional Hospital Foundation has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organization (ASNPO).

#### Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and balances with banks and guaranteed investments certificates and temporary investments.

#### Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donation revenue is recorded on a cash basis while grants, investment and other revenue are recorded on the accrual basis.

Certain campaign contributions have been pledged to the Foundation but have not been recorded in the records of the Foundation as ultimate collection is not reasonably assured.

#### Investments

Investments are classified as available for sale and stated at fair value. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the statement of operations.

Fair values of investments are determined as follows:

Fixed income securities and equities are valued at year-end quoted market prices where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities.

Guaranteed investment certificates and temporary investments maturing within a year are stated at cost which together with accrued interest income approximates fair value given the short-term nature of these investments.

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# St. Martha's Regional Hospital Foundation

## Notes to the financial statements

March 31, 2022

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### 2. Summary of significant accounting policies (cont'd)

#### **Contributed services**

A substantial number of volunteers contribute a significant amount of their time each year to the Foundation. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

#### **Use of estimates**

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

An item subject to management estimate is allowance for doubtful accounts.

#### **Fund accounting**

The Foundation follows the restricted fund method of accounting for contributions.

The operating fund accounts for the Foundation's program delivery and administrative activities. This fund also reports the activities for equipment, research and education of St. Martha's Regional Hospital. This fund reports unrestricted resources, designated funds and restricted investments that are in the process of being transferred from/to the investment fund.

The investment fund reports the assets, liabilities, revenues and expenses related to fund raising activities related to bequests and planned giving and specific donations to the investment fund. All assets and liabilities within this fund are restricted.

The parking endowment fund is responsible to hold ninety percent of its net proceeds from the operation of the parking lot in trust for an endowment fund. The remaining ten percent of its net proceeds can be used by the foundation for any of its other charitable purposes. The capital and income of the parking endowment fund shall be used strictly to purchase medical equipment for the hospital.

The campaign fund reports the assets, liabilities, revenues and expenses related to specific donations to the campaign fund. All assets and liabilities within this fund are restricted.

The annual net surplus of the operating fund and campaign fund for the current year is to be transferred to the investment fund to become part of the investment fund.

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# St. Martha's Regional Hospital Foundation

## Notes to the financial statements

March 31, 2022

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### 2. Summary of significant accounting policies (cont'd)

#### Financial instruments

##### *Initial measurement*

The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to the financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

##### *Subsequent measurement*

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets) except for equities quoted in an active market, which are measured at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market are recorded in the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables and payables and accruals.

For financial assets measured at cost or amortized cost, the Foundation regularly assess whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

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### 3. Designated bequests and donations

The Foundation has received specific bequests and donations designated for specific purposes.

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 256,572	\$ 259,063
Amounts received	176,632	62,647
Amounts expended for designated purposes	<u>(117,879)</u>	<u>(65,138)</u>
Balance, end of year	<u>\$ 315,325</u>	<u>\$ 256,572</u>

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# St. Martha's Regional Hospital Foundation

## Notes to the financial statements

March 31, 2022

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<b>4. Investments</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Equities, investment trust and fixed income (Cost – 2022 - \$18,362,946; 2021 - \$17,008,230)	<b><u>\$18,898,895</u></b>	<b><u>\$17,090,636</u></b>

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### **5. Payables and accruals**

Included in the payables and accruals for 2022 is \$10,304 (2021 - \$7,716) for government remittances.

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### **6. Financial instruments risks**

The Foundation is primarily exposed to interest rate volatility, market and liquidity risk. The Foundation has a set of formal investment policies and procedures to establish an asset mix amount of equity and fixed income investments, the policies require diversification of investments within categories, and include a set limit on the size of exposure to individual investments and counterparties.

#### **(a) Interest rate risk**

Interest rate risk is the risk that the market value of the Foundation's investments will fluctuate due to changes in market interest rates. The value of the Foundation's assets is affected by short-term changes in nominal interest rates and equity markets. To mitigate this risk, the Foundation invests its portfolio primarily in income producing instruments including cash and equity investments, with modest exposure to capital gain oriented instruments.

#### **(b) Market risk**

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting all similar financial instruments traded in the market. As all of the Foundation's investments are carried at fair value with fair value changes recognized in the statements of operations, all changes in market conditions will directly result in an increase (decrease) in excess of revenue over expenditures (expenditures over revenues). The Foundation's policy to invest in a portfolio based on criteria established in the Foundation's investment policies mitigates the impact of market risk.

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# St. Martha's Regional Hospital Foundation

## Notes to the financial statements

March 31, 2022

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### 6. Financial instruments risks (continued)

#### (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity requirements are managed through the receipt of funds through fundraising activities and income generated from investments. The sources of funds are used to pay expenditures. In the normal course of business, the Foundation enters into commitments for future payments which may also impact the Foundation's liquidity.

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### 7. Commitment

The Foundation has previously made a commitment through the capital fund to provide \$600,000 in support of the creation of six palliative care beds. To date \$581,301 has been provided, leaving a remaining balance of \$18,699 to be funded in future periods.

The Foundation has previously made commitments in the amount of \$360,356 for specific equipment through the endowment fund that have yet to be fulfilled.

The Foundation has also made commitments from the parking lot fund in the amount of \$489,831 for approved expenditures that have yet to be fulfilled.

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