

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Financial Statements**

**Year Ended March 31, 2019**

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Index to Financial Statements**

**Year Ended March 31, 2019**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Directors of Sackville Memorial Hospital Foundation Inc.

### *Qualified Opinion*

We have audited the financial statements of Sackville Memorial Hospital Foundation Inc. (the Foundation), which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenditures, 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 the Foundation as at March 31, 2019, and the results of its 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 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2019, current assets and net assets as at March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation of 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *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 relating 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.

(continues)

*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.



Amherst, Nova Scotia  
June 12, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Statement of Financial Position**

**March 31, 2019**

	General Fund 2019	Endowment Fund 2019	Total 2019	Total 2018
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 50,621	\$ -	\$ 50,621	\$ 65,154
Short term investments (Note 3)	86,528	65,788	<b>152,316</b>	186,236
Accounts receivable (Note 4)	8,685	-	<b>8,685</b>	12,556
Prepaid expenses	1,023	-	<b>1,023</b>	1,000
	146,857	65,788	<b>212,645</b>	264,946
HELD IN TRUST (Note 5)	2,865	-	<b>2,865</b>	10,722
INVESTMENTS (Note 3)	610,778	766,059	<b>1,376,837</b>	1,229,677
<b>MORTGAGE</b>				
RECEIVABLE (Note 6)	288,245	-	<b>288,245</b>	291,734
WORKS OF ART	7,334	-	<b>7,334</b>	7,334
DUE BETWEEN FUNDS	127,726	(127,726)	-	-
	<b>\$ 1,183,805</b>	<b>\$ 704,121</b>	<b>\$ 1,887,926</b>	<b>\$ 1,804,413</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT</b>				
Accounts payable	\$ 14,364	\$ -	\$ 14,364	\$ 40,273
Deferred contributions (Note 7)	62,804	-	<b>62,804</b>	73,963
	77,168	-	<b>77,168</b>	114,236
TRUST LIABILITY (Note 5)	2,865	-	<b>2,865</b>	10,722
	80,033	-	<b>80,033</b>	124,958
<b>NET ASSETS</b>				
General fund	1,096,438	-	<b>1,096,438</b>	968,184
Invested in capital assets	7,334	-	<b>7,334</b>	7,334
Externally restricted net assets	-	27,448	<b>27,448</b>	27,264
Internally restricted (Note 8)	-	676,673	<b>676,673</b>	676,673
	1,103,772	704,121	<b>1,807,893</b>	1,679,455
	<b>\$ 1,183,805</b>	<b>\$ 704,121</b>	<b>\$ 1,887,926</b>	<b>\$ 1,804,413</b>

COMMITMENTS (Note 9)

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Statement of Revenues and Expenditures**

**Year Ended March 31, 2019**

	General Fund 2019	Endowment Fund 2019	Total 2019	Total 2018
<b>REVENUE</b>				
Restricted contributions (Note 7)	\$ 104,734	\$ -	\$ 104,734	\$ 133,600
Unrestricted contributions	33,078	-	33,078	28,921
Town of Sackville	20,000	-	20,000	20,000
Investment income	55,864	184	56,048	42,851
Loss on disposal of investments	(2,325)	-	(2,325)	(9,606)
Unrealized gains (losses) on investments	98,773	-	98,773	(10,215)
	<u>310,124</u>	<u>184</u>	<u>310,308</u>	<u>205,551</u>
<b>EXPENSES</b>				
Administrative services	17,704	-	17,704	18,793
Charitable expenditures (Note 10)	129,734	-	129,734	176,928
Communication	3,834	-	3,834	2,737
Foundation Focus newsletter	2,765	-	2,765	5,759
Fundraising expenses	7,476	-	7,476	8,943
Interest and bank charges	2,150	-	2,150	2,601
Investment management fees	6,808	-	6,808	6,645
Liability insurance	1,243	-	1,243	1,215
Office supplies	2,559	-	2,559	3,139
Professional fees	7,525	-	7,525	6,831
	<u>181,798</u>	<u>-</u>	<u>181,798</u>	<u>233,591</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<u>128,326</u>	<u>184</u>	<u>128,510</u>	<u>(28,040)</u>
<b>TANTRAMAR COMMUNITY HEALTH CENTRE</b>				
Rental income	-	-	-	76,116
Bad debt expense	(72)	-	(72)	(3,450)
Insurance	-	-	-	(3,480)
Interest and bank charges	-	-	-	(406)
Property management	-	-	-	(8,811)
Property taxes	-	-	-	(21,196)
Repairs and maintenance	-	-	-	(5,645)
Utilities	-	-	-	(7,161)
Amortization	-	-	-	(13,369)
Gain on sale of Health Centre	-	-	-	14,140
	<u>(72)</u>	<u>-</u>	<u>(72)</u>	<u>26,738</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 128,254</u>	<u>\$ 184</u>	<u>\$ 128,438</u>	<u>\$ (1,302)</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2019**

	General Fund	Invested in capital assets	Endowment Fund	2019	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 968,184	\$ 7,334	\$ 703,937	<b>\$ 1,679,455</b>	<b>\$ 1,680,757</b>
Excess (deficiency) of revenue over expenses	128,254	-	184	<b>128,438</b>	<b>(1,302)</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,096,438</b>	<b>\$ 7,334</b>	<b>\$ 704,121</b>	<b>\$ 1,807,893</b>	<b>\$ 1,679,455</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Statement of Cash Flows  
Year Ended March 31, 2019**

	General Fund 2019	Endowment Fund 2019	Total 2019	Total 2018
<b>OPERATING ACTIVITIES</b>				
Cash receipts from donors	\$ 148,304	\$ -	\$ 148,304	\$ 250,023
Cash paid to suppliers	(207,688)	-	(207,688)	(291,779)
Investment income received	42,009	184	42,193	39,836
Interest received on mortgage receivable	11,035	-	11,035	-
Cash flow from operating activities	(6,340)	184	(6,156)	(1,920)
<b>INVESTING ACTIVITIES</b>				
Purchase of investments	(471,464)	(463,144)	(934,608)	(741,566)
Proceeds on disposal of investments	495,059	441,255	936,314	647,813
Decrease (increase) in invested cash	(15,350)	632	(14,718)	(13,974)
Cash flow from (used by) investing activities	8,245	(21,257)	(13,012)	(107,727)
<b>FINANCING ACTIVITIES</b>				
Transfers between funds	(21,073)	21,073	-	-
Funds advanced to buyer of Health Centre	-	-	-	(35,571)
Repayments received from mortgage receivable	4,635	-	4,635	-
Cash flow from (used by) financing activities	(16,438)	21,073	4,635	(35,571)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	(14,533)	-	(14,533)	(145,218)
Cash - beginning of year	65,154	-	65,154	210,372
<b>CASH - END OF YEAR</b>	\$ 50,621	\$ -	\$ 50,621	\$ 65,154

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



# SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

## Notes to Financial Statements

Year Ended March 31, 2019

---

### 1. DESCRIPTION OF OPERATIONS

The Sackville Memorial Hospital Foundation Inc. is incorporated under the laws of the Province of New Brunswick and its principle activities include receiving donations and bequests for the Sackville Memorial Hospital, a division of the Horizon Health Network, Province of New Brunswick. The Foundation also operated the Tantramar Community Health Centre until 2018. The Foundation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### Revenue recognition and fund accounting

Sackville Memorial Hospital Foundation Inc. follows the restricted fund method of accounting for contributions, under which method the Foundation has the option of deferring contributions in the General Fund rather than establishing additional restricted funds.

The General Fund recognizes as income unrestricted donations received. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Investment income is recognized in the General Fund when it is earned. Pledges are not recognized as income until the pledge payments are received. Rental income is recognized as services are rendered. Costs incurred in the administration of the Foundation are expensed in this fund.

The Endowment fund recognizes as income bequests and donations made with restrictions on the principal by the donor. Some investments have been identified for endowment by the board. Income from the Endowment Fund is recognized in the General Fund and used at the discretion of the Board, unless otherwise restricted by the donor.

Restricted investment income from the Rand Memorial Gerontology Education Fund and the R.V. Bennett IV Trust is recognized as revenue of the Endowment Fund when earned.

#### Financial instruments policy

The Foundation measures its financial assets and financial liabilities at fair value. Changes in fair value are recognized in the statement of revenues and expenditures.

Financial assets measured at fair value include cash, invested cash, accounts receivable, restricted cash, and investments.

Financial liabilities measured at fair value include accounts payable.

#### Cash and cash equivalents

Cash includes cash in bank accounts held for operating purposes. Cash balances in broker investment accounts and restricted cash are excluded from cash and cash equivalents.

*(continues)*

---

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2019**

---

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Donated goods

Donated goods are not recognized in the financial statements but are receipted at their fair market value at the time of the donation if fair value can be reasonably estimated. During the year \$0 in donated goods were receipted. (2018 - \$0).

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Works of art	non-amortizable
--------------	-----------------

The Foundation regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include the provision for uncollectible accounts and accruals for certain expenses, which are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

---

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.****Notes to Financial Statements****Year Ended March 31, 2019****3. INVESTMENTS**

	General Fund	Endowment Fund	2019	2018
Invested cash	\$ 36,528	\$ 65,788	\$ 102,316	\$ 87,599
Short term fixed income	50,000	-	50,000	98,637
Short term investments	86,528	65,788	152,316	186,236
Long term fixed income	302,759	366,447	669,206	641,421
Equity	308,019	399,612	707,631	588,256
Long term investments	610,778	766,059	1,376,837	1,229,677
	<u>\$ 697,306</u>	<u>\$ 831,847</u>	<u>\$ 1,529,153</u>	<u>\$ 1,415,913</u>

Fixed income investments have maturity dates between August 2019 and December 2048, and bear interest at rates ranging from 1.39% to 3.69%.

Short term investments in the Endowment Funds include \$16,299 (2018 - \$16,173) restricted for expenditures relating to the Rand Memorial Gerontology Education Fund, and \$7,522 (2018 - \$7,464) held in the R. V. Bennett Trust.

**4. ACCOUNTS RECEIVABLE**

	2019	2018
<b>General fund</b>		
Current portion of mortgage receivable (Note 6)	\$ 6,450	\$ 4,635
HST receivable	2,235	2,894
Tenant receivables	-	8,477
Allowance for doubtful accounts	-	(3,450)
	<u>\$ 8,685</u>	<u>\$ 12,556</u>

**Credit Risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk from the mortgagor. In order to reduce credit risk, the Foundation conducts regular reviews of its existing mortgagor's payment history. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

**5. HELD IN TRUST**

Amounts held in trust of \$2,865 (2018 - \$10,722) in the General Fund represents externally restricted funds held in trust for the Education & Wellness Committee. The Foundation administers these funds on behalf of the Committee.

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2019**

6. MORTGAGE RECEIVABLE

	<u>2019</u>	<u>2018</u>
Mortgage receivable bearing interest at 5% per annum, repayable in monthly blended payments of \$1,741, commencing July, 2018. Mortgage matures July, 2023 and is secured by land and building.	<b>\$ 294,695</b>	\$ 296,369
Amounts receivable within one year (Note 4)	<u>(6,450)</u>	<u>(4,635)</u>
	<b><u>\$ 288,245</u></b>	<b><u>\$ 291,734</u></b>

Principal repayment terms are approximately:

2020	\$ 6,450
2021	6,780
2022	6,970
2023	7,330
2024	7,670

7. DEFERRED CONTRIBUTIONS

	<u>Opening balance</u>	<u>Contributions received</u>	<u>Recognized as revenue</u>	<u>Transfers</u>	<u>2019</u>
Give Our Surgeons Inside Information	\$ 25,581	\$ -	\$ 8,855	\$ (16,726)	\$ -
Good Chemistry	39,980	66,084	95,000	(11,064)	-
X-Ray Vision that Delivers	-	24,262	-	37,516	<b>61,778</b>
Extra Mural	7,162	2,644	80	(9,726)	-
Give Comfort (Palliative Care)	-	335	-	-	<b>335</b>
Port Elgin Health Centre	1,240	250	799	-	<b>691</b>
	<u>\$ 73,963</u>	<u>\$ 93,575</u>	<u>\$ 104,734</u>	<u>\$ -</u>	<u><b>\$ 62,804</b></u>

In 2019, the Board approved transferring all unspent funds from past campaigns and the Extra Mural fund to the 2019 campaign, X-Ray Vision that Delivers.

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2019**

---

8. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets are restricted by Board approval rather than by a contributor. As such, the Board may approve the removal of the restrictions in future.

In the Endowment Funds, \$676,673 was internally endowed by the Board from General Fund contributions.

---

9. COMMITMENTS

The Foundation has agreed to fund the purchases of equipment for the Sackville Memorial Hospital at an estimated cost of \$260,000 in the 2020 fiscal year.

---

10. CHARITABLE EXPENDITURES

	<u>2019</u>	<u>2018</u>
Expenditures from restricted contributions <i>(Note 7)</i>		
Give Our Surgeons Inside Information	\$ 8,855	\$ 102,882
Good Chemistry	95,000	-
Extra Mural	80	16,867
Give Comfort (Palliative Care)	-	10,611
Port Elgin Health Center Purchases	799	-
We Care to Make You Better	-	630
Focus on Patient Care	-	2,610
	<u>104,734</u>	<u>133,599</u>
Expenditures from unrestricted contributions		
Bursaries	3,000	4,500
Community groups	17,000	2,878
Other donations	5,000	5,000
Donations to Horizon Health	-	24,950
Staff education	-	6,000
	<u>\$ 129,734</u>	<u>\$ 176,928</u>

---

11. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. To manage these risks, the Foundation has adopted an investment policy that limits its holdings in classes of investments. As at March 31, 2019, the Foundation was not in compliance with the policy. The following analysis provides information about the Foundation's risk exposure and concentration as of March 31, 2019.

***(a) Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Foundation is exposed to all three risks on its investment portfolio.

*(continues)*

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2019**

---

11. FINANCIAL INSTRUMENTS *(continued)*

***(b) Currency risk***

Currency risk is the risk to the Foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is exposed to foreign currency exchange risk on cash and investments held in U.S. dollars. The Foundation does not use derivative instruments to reduce its exposure to foreign currency risk. Total holdings in US dollars at March 31, 2019 was \$48,309 (2018 - \$37,850).

***(c) Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal investing activities. The Foundation is exposed to interest rate risk primarily through its investment in fixed income investments and mortgage receivable.

***(d) Other price risk***

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investment in equities.

---