

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED**

**Financial Statements**

**Year Ended March 31, 2023**

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED**

**Index to Financial Statements**

**Year Ended March 31, 2023**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3 - 4
Statement of Revenues and Expenditures	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of Sackville Memorial Hospital Foundation Incorporated

### *Qualified Opinion*

We have audited the financial statements of Sackville Memorial Hospital Foundation Incorporated (the Foundation), which comprise the statement of financial position as at March 31, 2023, 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, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Qualified Opinion*

In common with many charitable organizations, the Foundation derives revenue from contributions, the completeness of which is not susceptible of 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 contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended March 31, 2022 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 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 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 ASNPO, 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.

(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.

*McIsaac Darragh Inc.*

Amherst, Nova Scotia  
June 15, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED**

**Statement of Financial Position**

**March 31, 2023**

	General Fund 2023	Expendable Endowment Fund 2023	Principal Endowment Fund 2023	2023	2022
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 154,179	\$ -	\$ -	\$ 154,179	\$ 170,010
Short term investments <i>(Note 3)</i>	2,387	-	8,304	<b>10,691</b>	89,989
Amounts receivable <i>(Note 4)</i>	3,615	-	266,822	<b>270,437</b>	8,324
Prepaid expenses	1,195	-	-	<b>1,195</b>	1,155
	161,376	-	275,126	<b>436,502</b>	269,478
WORKS OF ART	7,334	-	-	<b>7,334</b>	7,334
MORTGAGE RECEIVABLE <i>(Note 5)</i>	-	-	-	-	266,908
LONG TERM INVESTMENTS <i>(Note 3)</i>	77,327	-	2,018,073	<b>2,095,400</b>	1,881,808
DUE BETWEEN FUNDS	(1,515)	-	1,515	-	-
	\$ 244,522	\$ -	\$ 2,294,714	\$ <b>2,539,236</b>	\$ 2,425,528

See accompanying notes to the financial statements

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED**

**Statement of Financial Position**

**March 31, 2023**

	General Fund 2023	Expendable Endowment Fund 2023	Principal Endowment Fund 2023	2023	2022
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities	\$ 19,237	\$ -	\$ -	\$ 19,237	\$ 143,523
Deferred contributions (Note 6)	75,847	-	-	75,847	11,195
	<u>95,084</u>	<u>-</u>	<u>-</u>	<u>95,084</u>	<u>154,718</u>
<b>NET ASSETS</b>					
Unrestricted	149,438	-	-	149,438	96,933
Externally restricted for endowment	-	-	51,311	51,311	40,171
Internally restricted for endowment (Note 7)	-	-	2,243,403	2,243,403	2,133,706
	<u>149,438</u>	<u>-</u>	<u>2,294,714</u>	<u>2,444,152</u>	<u>2,270,810</u>
	<u>\$ 244,522</u>	<u>\$ -</u>	<u>\$ 2,294,714</u>	<u>\$ 2,539,236</u>	<u>\$ 2,425,528</u>

COMMITMENT (Note 8)

OTHER SIGNIFICANT MATTER (Note 12)

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See accompanying notes to the financial statements

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED**

**Statement of Revenues and Expenditures**

**Year Ended March 31, 2023**

	General Fund 2023	Expendable Endowment Fund 2023	Principal Endowment Fund 2023	2023	2022
<b>REVENUES</b>					
Unrestricted contributions	\$ 219,884	\$ -	\$ -	\$ 219,884	\$ 95,972
Investment income	1,805	68,857	-	70,662	75,244
Restricted contributions <i>(Note 6)</i>	11,680	-	11,140	22,820	199,085
Town of Sackville <i>(Note 6)</i>	20,000	-	-	20,000	20,000
Gain on disposal of investments	-	2,735	-	2,735	334,195
Unrealized gain (loss) on investments	899	(73,447)	-	(72,548)	(266,357)
	<u>254,268</u>	<u>(1,855)</u>	<u>11,140</u>	<u>263,553</u>	<u>458,139</u>
<b>EXPENSES</b>					
Administrative services	15,237	-	-	15,237	9,370
Charitable expenditures <i>(Note 9)</i>	30,155	-	-	30,155	221,545
Communication	16,108	-	-	16,108	2,055
Consulting fees	5,375	-	-	5,375	-
Foundation Focus newsletter	4,731	-	-	4,731	4,031
Fundraising expenses	5,306	-	-	5,306	1,125
Interest and bank charges	2,400	-	-	2,400	2,288
Liability insurance	1,439	-	-	1,439	1,379
Professional fees	9,460	-	-	9,460	9,406
	<u>90,211</u>	<u>-</u>	<u>-</u>	<u>90,211</u>	<u>251,199</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ 164,057</u>	<u>\$ (1,855)</u>	<u>\$ 11,140</u>	<u>\$ 173,342</u>	<u>\$ 206,940</u>

See accompanying notes to the financial statements

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2023**

	General Fund	Expendable Endowment Fund	Principal Endowment Fund - Externally Restricted for Endowment	Principal Endowment Fund - Internally Restricted for Endowment	2023	2022
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 96,933	\$ -	\$ 40,171	\$ 2,133,706	\$ 2,270,810	\$ 2,063,870
Excess of revenues over expenses	164,057	(1,855)	11,140	-	173,342	206,940
Transfer of spending allocation <i>(Note 2)</i>	74,459	(74,459)	-	-	-	-
Transfer excess investment income to Principal Endowment Fund <i>(Note 2)</i>	-	76,314	-	(76,314)	-	-
Transfer to Principal Endowment Fund <i>(Note 10)</i>	(186,011)	-	-	186,011	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 149,438</b>	<b>\$ -</b>	<b>\$ 51,311</b>	<b>\$ 2,243,403</b>	<b>\$ 2,444,152</b>	<b>\$ 2,270,810</b>

See accompanying notes to the financial statements



**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED**

**Statement of Cash Flows**

**Year Ended March 31, 2023**

	General Fund 2023	Expendable Endowment Fund 2023	Principal Endowment Fund 2023	2023	2022
<b>OPERATING ACTIVITIES</b>					
Cash receipts from contributors and government	\$ 312,617	\$ -	\$ -	\$ 312,617	\$ 249,637
Cash paid to suppliers and donees	(214,720)	-	-	(214,720)	(113,885)
Investment income received	1,805	46,460	-	48,265	61,306
Interest received on mortgage receivable	-	13,570	-	13,570	13,938
Cash flow from operating activities	99,702	60,030	-	159,732	210,996
<b>INVESTING ACTIVITIES</b>					
Purchase of investments	(77,252)	-	(357,489)	(434,741)	(1,948,609)
Proceeds on disposal of investments	73,824	-	171,241	245,065	1,636,056
Decrease (increase) in invested cash	(387)	-	6,685	6,298	147,007
Repayment received from mortgage receivable	-	-	7,415	7,415	7,056
Cash flow used by investing activities	(3,815)	-	(172,148)	(175,963)	(158,490)
<b>FINANCING ACTIVITIES</b>					
Endowment fund donations	-	-	400	400	-
Transfers between funds	(111,718)	(60,030)	171,748	-	-
Cash flow used by financing activities	(111,718)	(60,030)	172,148	400	-
<b>INCREASE (DECREASE) IN CASH FLOW</b>	(15,831)	-	-	(15,831)	52,506
Cash - beginning of year	170,010	-	-	170,010	117,504
<b>CASH - END OF YEAR</b>	\$ 154,179	\$ -	\$ -	\$ 154,179	\$ 170,010

See accompanying notes to the financial statements

# SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED

## Notes to Financial Statements

Year Ended March 31, 2023

---

### 1. DESCRIPTION OF OPERATIONS

The Sackville Memorial Hospital Foundation Incorporated is incorporated under the laws of the Province of New Brunswick and its activities include receiving contributions (donations and gifts) that are used to support the Sackville Memorial Hospital and, in the area served by the Hospital, to i) carry on and support other charitable activities that will promote health and ii) advance education by providing bursaries to high school graduates who are enrolled in university or collage programs in a healthcare field. 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:

#### Fund accounting

Sackville Memorial Hospital Foundation Incorporated follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Foundation's charitable and administrative activities. This fund reports unrestricted resources and restricted contributions for which no restricted fund exists.

The Expendable Endowment Fund reports the investment returns earned on Principal Endowment Fund investments. At the end of the year, net assets are transferred to the General Fund and to the Principal Endowment Fund in accordance with the Foundation's Spending Allocation and Endowment Fund Accounting policies.

The Principal Endowment Fund reports resources restricted for endowment, either externally by donors or internally by the Board.

#### Revenue recognition

Externally restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Until that time, externally restricted contributions are included in deferred revenue on the statement of financial position.

Unrestricted contributions related to general operations are recognized as revenue of the General Fund in the year received.

Contributions externally restricted for endowment are recognized as revenue in the Principal Endowment Fund when received.

Unrestricted returns on Principal Endowment Fund resources are recognized as revenue of the Expendable Endowment Fund.

Externally restricted investment returns are recognized as revenue of the General Fund in the year the related expenses are incurred. Until that time, externally restricted income is included in deferred revenue on the statement of financial position.

Investment returns on short term investments in the General Fund are recognized as revenue of the General Fund in the year received.

Pledges are not recognized as income until the pledge payments are received.

*(continues)*

---

# SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED

## Notes to Financial Statements

Year Ended March 31, 2023

---

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

#### Endowment spending allocation policy

The Foundation's policy limits the spending allocation to the lower of 4.0% of the market value at the end of the previous fiscal year and the average market value of the previous five fiscal years. At the end of each year the portion allocated for spending is transferred from the Expendable Endowment Fund to the General Fund through net assets. The remaining investment returns are transferred to the Endowment Principal Fund through net assets. In years when the total return is less than the spending allocation, except in the case of an endowment where there are restrictions on the use of the total return, the shortfall is recorded as a decrease to the internally endowed portion of the Principal Endowment Fund.

#### 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, amounts receivable, short term investments, 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 investment accounts and restricted cash are excluded from cash and cash equivalents.

#### 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 2023 and 2022 no donated goods were receipted.

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 INCORPORATED**

**Notes to Financial Statements**

**Year Ended March 31, 2023**

---

3. INVESTMENTS

General Fund investments are held in Exchange Traded Funds (ETFs), with fixed income components. There is also a \$2,000 GIC bearing interest at 0.75%, maturing in November 2023 used a collateral for a credit card with a limit of the same amount.

Principal Endowment investments are held in a variety of Exchange Traded Funds (ETFs) with both fixed income and equity components.

---

4. AMOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
<b>General fund</b>		
HST receivable	\$ 3,615	\$ 994
<b>Principal Endowment Fund</b>		
Current portion of mortgage receivable (Note 5)	<u>266,822</u>	<u>7,330</u>
	<u>\$ 270,437</u>	<u>\$ 8,324</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. MORTGAGE RECEIVABLE

	<u>2023</u>	<u>2022</u>
Mortgage receivable bearing interest at 5% per annum, repayable in monthly blended payments of \$1,741. The mortgage matures July, 2023 and is secured by land and building.	\$ 266,822	\$ 274,238
Amounts receivable within one year (Note 4)	<u>(266,822)</u>	<u>(7,330)</u>
	<u>\$ -</u>	<u>\$ 266,908</u>

Principal repayment terms are approximately:

2024	<u>\$ 266,822</u>
------	-------------------

**SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED**

**Notes to Financial Statements**

**Year Ended March 31, 2023**

**6. DEFERRED CONTRIBUTIONS**

	Opening balance	Contributions received	Recognized as revenue	<b>2023</b>
Annual Appeal	\$ -	\$ 82,332	\$ 10,040	\$ <b>72,292</b>
Give Comfort (Palliative Care)	365	-	-	<b>365</b>
Port Elgin and Region Health Centre	830	-	324	<b>506</b>
Staff Education	-	4,000	1,316	<b>2,684</b>
Town of Sackville	10,000	10,000	20,000	<b>-</b>
	<u>\$ 11,195</u>	<u>\$ 96,332</u>	<u>\$ 31,680</u>	<u>\$ <b>75,847</b></u>

Within the Principal Endowment Fund investments is the Rand Fund, with investment income restricted to gerontology related expenses. As of March 31, 2023, no income has been earned on these investments to be deferred.

**7. INTERNALLY RESTRICTED NET ASSETS**

Net assets that are restricted for endowment by the Board rather than by a contributor may have that restriction removed by the Board in the future.

In the Principal Endowment Fund, \$2,254,543 was internally endowed by the Board from General Fund assets.

**8. COMMITMENTS**

The Foundation has committed to funding the construction of an outdoor garden courtyard at the Sackville Memorial Hospital with an estimated cost of \$185,000.

**9. CHARITABLE EXPENDITURES**

	<u>2023</u>	<u>2022</u>
Expenditures from restricted contributions ( <i>Note 6</i> )		
2021 Campaign Disbursements	\$ -	\$ 207,543
2023 Campaign Disbursements	<b>10,040</b>	-
Port Elgin and Region Health Centre - United Way funding	<b>324</b>	-
	<u><b>10,363</b></u>	207,543
Expenditures from unrestricted contributions		
Staff education	<b>3,292</b>	1,502
Community groups	<b>1,999</b>	3,000
Bursaries	<b>4,500</b>	4,500
Other donations	<b>10,000</b>	5,000
	<u><b>\$ 30,155</b></u>	<u>\$ 221,545</u>

**10. TRANSFERS BETWEEN FUNDS**

During the year, the Board authorized the transfer of unrestricted bequests of \$186,011 from the General Fund to the Principal Endowment Fund.

# SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED

## Notes to Financial Statements

Year Ended March 31, 2023

---

### 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, 2023, the Foundation was in compliance with the policy. The following analysis provides information about the Foundation's significant risk exposure and concentration as of March 31, 2023.

#### **(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.

#### **(b) Currency risk**

Currency risk is the risk to the company'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, 2023 expressed in Canadian dollars:

<u>2023</u>	<u>2022</u>
<b>\$ 919,004</b>	<b>\$ 851,446</b>

#### **(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 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.

---

### 12. OTHER SIGNIFICANT MATTER

The outbreak of a novel strain of coronavirus continues to have a significant impact on the global economy as of the date of these financial statements. The duration and impact of the pandemic are unknown at this time, as are the efficacy of government and central bank interventions. It is not possible to reliably estimate the length and severity of the measures nor their impact on the future financial results and condition of the company. To date, no adjustments have been made to the carrying value of assets or liabilities as a result of the pandemic. Management is of the opinion no future adjustments will be necessary.

---