

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED

Financial Statements

Year Ended March 31, 2024

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED

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Year Ended March 31, 2024

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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, 2024, 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, 2024, 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, 2023 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.

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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, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED

Statement of Financial Position

March 31, 2024

	General Fund 2024	Expendable Endowment Fund 2024	Principal Endowment Fund 2024	2024	2023
ASSETS					
CURRENT					
Cash	\$ 278,550	\$ -	\$ -	\$ 278,550	\$ 154,179
Short term investments <i>(Note 3)</i>	2,525	-	50,158	52,683	10,691
Amounts receivable <i>(Note 4)</i>	27,098	-	259,900	286,998	270,437
Prepaid expenses	1,261	-	-	1,261	1,195
	309,434	-	310,058	619,492	436,502
WORKS OF ART	7,334	-	-	7,334	7,334
LONG TERM INVESTMENTS <i>(Note 3)</i>	79,831	-	2,243,507	2,323,338	2,095,400
DUE BETWEEN FUNDS	30,840	-	(30,840)	-	-
	\$ 427,439	\$ -	\$ 2,522,725	\$ 2,950,164	\$ 2,539,236

See accompanying notes to the financial statements

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED

Statement of Financial Position

March 31, 2024

	General Fund 2024	Expendable Endowment Fund 2024	Principal Endowment Fund 2024	2024	2023
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable and accrued liabilities	\$ 13,098	\$ -	\$ -	\$ 13,098	\$ 19,237
Deferred contributions (Note 6)	218,199	-	-	218,199	75,847
	<u>231,297</u>	<u>-</u>	<u>-</u>	231,297	95,084
NET ASSETS					
Unrestricted	196,142	-	-	196,142	149,438
Externally restricted for endowment	-	-	75,409	75,409	51,311
Internally restricted for endowment (Note 7)	-	-	2,447,316	2,447,316	2,243,403
	<u>196,142</u>	<u>-</u>	<u>2,522,725</u>	2,718,867	2,444,152
	<u>\$ 427,439</u>	<u>\$ -</u>	<u>\$ 2,522,725</u>	\$ 2,950,164	\$ 2,539,236

COMMITMENT (Note 8)

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, 2024

	General Fund 2024	Expendable Endowment Fund 2024	Principal Endowment Fund 2024	2024	2023
REVENUES					
Investment income	\$ 2,197	\$ 54,126	\$ -	\$ 56,323	\$ 70,663
Restricted contributions <i>(Note 6)</i>	6,344	-	24,098	30,442	22,820
Unrestricted contributions	18,383	-	-	18,383	219,884
Town of Sackville <i>(Note 6)</i>	20,000	-	-	20,000	20,000
Gain (loss) on disposal of investments	-	(115)	-	(115)	2,735
Unrealized gain (loss) on investments	581	225,434	-	226,015	(72,548)
	<u>47,505</u>	<u>279,445</u>	<u>24,098</u>	<u>351,048</u>	<u>263,554</u>
EXPENSES					
Administrative services	20,199	-	-	20,199	15,237
Charitable expenditures <i>(Note 9)</i>	26,062	-	-	26,062	30,155
Communication	8,089	-	-	8,089	16,108
Consulting fees	-	-	-	-	5,375
Foundation Focus newsletter	4,439	-	-	4,439	4,731
Fundraising expenses	3,854	-	-	3,854	5,306
Interest and bank charges	1,336	-	-	1,336	2,401
Liability insurance	1,498	-	-	1,498	1,439
Professional fees	10,856	-	-	10,856	9,460
	<u>76,333</u>	<u>-</u>	<u>-</u>	<u>76,333</u>	<u>90,212</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (28,828)</u>	<u>\$ 279,445</u>	<u>\$ 24,098</u>	<u>\$ 274,715</u>	<u>\$ 173,342</u>

See accompanying notes to the financial statements

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED
Statement of Changes in Net Assets
Year Ended March 31, 2024

	General Fund	Expendable Endowment Fund	Principal Endowment Fund - Externally Restricted for Endowment	Principal Endowment Fund - Internally Restricted for Endowment	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 149,438	\$ -	\$ 51,311	\$ 2,243,403	\$ 2,444,152	\$ 2,270,810
Excess of revenues over expenses	(28,828)	279,445	24,098	-	274,715	173,342
Transfer of spending allocation <i>(Note 2)</i>	75,532	(75,532)	-	-	-	-
Transfer excess investment income to Principal Endowment Fund <i>(Note 2)</i>	-	(203,913)	-	203,913	-	-
NET ASSETS - END OF YEAR	\$ 196,142	\$ -	\$ 75,409	\$ 2,447,316	\$ 2,718,867	\$ 2,444,152

See accompanying notes to the financial statements

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED

Statement of Cash Flows

Year Ended March 31, 2024

	General Fund 2024	Expendable Endowment Fund 2024	Principal Endowment Fund 2024	2024	2023
OPERATING ACTIVITIES					
Cash receipts from contributors and government	\$ 163,060	\$ -	\$ -	\$ 163,060	\$ 312,618
Cash paid to suppliers and donees	(82,377)	-	-	(82,377)	(214,721)
Investment income received	137	38,121	-	38,258	48,265
Interest received on mortgage receivable	-	16,005	-	16,005	13,570
Cash flow from operating activities	80,820	54,126	-	134,946	159,732
INVESTING ACTIVITIES					
Purchase of investments	-	-	-	-	(434,741)
Proceeds on disposal of investments	-	-	12,295	12,295	245,065
Decrease (increase) in invested cash	(137)	-	(41,855)	(41,992)	6,298
Repayment received from mortgage receivable	-	-	6,922	6,922	7,415
Cash flow used by investing activities	(137)	-	(22,638)	(22,775)	(175,963)
FINANCING ACTIVITIES					
Endowment fund donations	-	-	12,200	12,200	400
Transfers between funds	43,688	(54,126)	10,438	-	-
Cash flow used by financing activities	43,688	(54,126)	22,638	12,200	400
INCREASE (DECREASE) IN CASH FLOW	124,371	-	-	124,371	(15,831)
Cash - beginning of year	154,179	-	-	154,179	170,010
CASH - END OF YEAR	\$ 278,550	\$ -	\$ -	\$ 278,550	\$ 154,179

See accompanying notes to the financial statements

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED

Notes to Financial Statements

Year Ended March 31, 2024

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.

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SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED

Notes to Financial Statements

Year Ended March 31, 2024

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

Endowment spending allocation policy

The Foundation's policy limits the spending allocation to the lower of 4.1% of the market value at the end of the previous calendar year and the average market value of the previous four calendar 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 2024 and 2023 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
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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, 2024

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 2024 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>2024</u>	<u>2023</u>
General fund		
HST receivable	\$ 2,080	\$ 3,615
Accounts receivable - sundry	<u>25,018</u>	<u>-</u>
	27,098	3,615
Principal Endowment Fund		
Current portion of mortgage receivable (Note 5)	<u>259,900</u>	<u>266,822</u>
	\$ 286,998	\$ 270,437

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>2024</u>	<u>2023</u>
Mortgage receivable bearing interest at 6.5% per annum, repayable in monthly blended payments of \$1,962. The mortgage matures July 2024 and is secured by land and building.	\$ 259,900	\$ 266,822
Amounts receivable within one year (Note 4)	<u>(259,900)</u>	<u>(266,822)</u>
	\$ -	\$ -

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED

Notes to Financial Statements

Year Ended March 31, 2024

6. DEFERRED CONTRIBUTIONS

	Opening balance	Contributions received	Recognized as revenue	2024
Annual Appeal	\$ 72,292	\$ 146,330	\$ 1,344	\$ 217,278
Give Comfort (Palliative Care)	365	-	-	365
Port Elgin and Region Health Centre	506	50	-	556
Staff Education	2,684	2,316	5,000	-
	<u>\$ 75,847</u>	<u>\$ 148,696</u>	<u>\$ 6,344</u>	<u>\$ 218,199</u>

Within the Principal Endowment Fund investments is the Rand Fund, with investment income restricted to gerontology related expenses. As of March 31, 2024, 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, \$2,437,011 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 approved cost of \$184,855.

The Foundation has committed to funding the purchase of hospital equipment with an estimated cost of \$225,000.

9. CHARITABLE EXPENDITURES

	<u>2024</u>	<u>2023</u>
Expenditures from restricted contributions (<i>Note 6</i>)		
2023 Campaign Disbursements	\$ 1,344	\$ 10,040
Port Elgin and Region Health Centre - United Way funding	-	324
	<u>1,344</u>	10,363
Expenditures from unrestricted contributions		
Staff education	8,413	3,292
Community groups	6,055	1,999
Bursaries	5,250	4,500
Other donations	5,000	10,000
	<u>\$ 26,062</u>	<u>\$ 30,155</u>

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INCORPORATED

Notes to Financial Statements

Year Ended March 31, 2024

10. 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, 2024, 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, 2024.

(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, 2024 expressed in Canadian dollars:

<u>2024</u>	<u>2023</u>
\$ 973,850	\$ 919,004

(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.
