



Financial Statements

Dartmouth General Hospital Charitable
Foundation

March 31, 2019

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Independent auditor's report

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To the directors of
Dartmouth General Hospital Charitable Foundation

Qualified Opinion

We have audited the financial statements of Dartmouth General Hospital Charitable Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, operations by fund and 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 Dartmouth General Hospital Charitable Foundation as at March 31, 2019, 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 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 years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1, and March 31 for both the 2018 and 2019 years. 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 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Halifax, Canada
September 18, 2019

Chartered Professional Accountants
Licensed Public Accountants

Dartmouth General Hospital Charitable Foundation

Statement of operations

Year ended March 31	2019	2018
Revenue		
Donations (Note 7)	\$ 2,072,001	\$ 537,622
Investment income (Note 8)	2,440,403	1,584,720
Other income	22,560	62,678
Parking, net (Note 9)	582,802	525,272
Special events, net (Note 10)	<u>214,662</u>	<u>205,268</u>
	<u>5,332,428</u>	<u>2,915,560</u>
Expenses		
Accounting	13,396	14,535
Fundraising and office (Note 11)	128,039	94,183
Investment management fees	65,911	63,628
Miscellaneous (Note 12)	20,479	16,241
Professional fees	33,634	13,346
Redevelopment campaign (Note 13)	425,273	380,458
Salaries and benefits	<u>167,123</u>	<u>244,194</u>
	<u>853,855</u>	<u>826,585</u>
Excess of revenue over expenses, before distributions and unrealized loss due to change in market value of investments	4,478,573	2,088,975
Distributions (Note 14)	<u>3,565,259</u>	<u>1,275,659</u>
Excess of revenue over expenses, after distributions and before unrealized loss due to change in market value of investments	913,314	813,316
Unrealized loss due to change in market value of investments	<u>(1,506,232)</u>	<u>(1,023,331)</u>
Deficiency of revenue over expenses	<u>\$ (592,918)</u>	<u>\$ (210,015)</u>

Dartmouth General Hospital Charitable Foundation

Statement of operations by fund and changes in net assets

Year ended March 31

		Externally Restricted						
	Internally Restricted Capital Fund	Capital Campaign Fund	Palliative Care Fund	Cardiology Education Fund	Unrestricted	2019	2018	
Balance, beginning of year	\$ 33,192	\$ 2,883,453	\$ 66,307	\$ 5,803	\$ 15,723,094	\$ 18,711,849	\$ 18,921,864	
Revenues	-	1,959,249	-	-	3,373,179	5,332,428	2,915,560	
Expenses	(30,342)	(425,274)	-	-	(398,239)	(853,855)	(826,585)	
Distributions	-	(2,732,511)	(8,912)	-	(823,836)	(3,565,259)	(1,275,659)	
Unrealized loss due to change in market value of investments	-	-	-	-	(1,506,232)	(1,506,232)	(1,023,331)	
(Deficiency) excess of revenue over expenses	(30,342)	(1,198,536)	(8,912)	-	644,872	(592,918)	(210,015)	
Interfund transfers (Note 16)	-	(77,460)	-	-	77,460	-	-	
Balance, end of year	<u>\$ 2,850</u>	<u>\$ 1,607,457</u>	<u>\$ 57,395</u>	<u>\$ 5,803</u>	<u>\$ 16,445,426</u>	<u>\$ 18,118,931</u>	<u>\$ 18,711,849</u>	

See accompanying notes to the financial statements.

Dartmouth General Hospital Charitable Foundation

Statement of financial position

March 31 2019 2018

Assets

Current

Cash and cash equivalents	\$ 7,789,414	\$ 6,943,010
Short term investments	519,060	-
Receivables (Note 3)	22,203	130,565
Prepays	<u>19,539</u>	<u>11,396</u>
	8,350,216	7,084,971

Investments, at market value (Note 4) 15,042,061 13,752,323

Capital assets (Note 5) 2,850 33,192

\$ 23,395,127 **\$ 20,870,486**

Liabilities

Current

Payables and accruals	\$ 107,430	\$ 75,037
Deferred revenue	2,200	11,525
Payable to the Nova Scotia Health Authority	<u>5,166,566</u>	<u>2,072,075</u>
	<u>5,276,196</u>	<u>2,158,637</u>

Net assets

Internally restricted – invested in capital assets (Note 6)	2,850	33,192
Externally restricted	1,670,655	2,955,563
Unrestricted	<u>16,445,426</u>	<u>15,723,094</u>
	<u>18,118,931</u>	<u>18,711,849</u>
	<u>\$ 23,395,127</u>	<u>\$ 20,870,486</u>

On behalf of the Board

_____ Chairman _____ Treasurer

Dartmouth General Hospital Charitable Foundation

Statement of cash flows

Year ended March 31

2019

2018

Increase (decrease) in cash and cash equivalents

Operating

Deficiency of revenue over expenses	\$ (592,918)	\$ (210,015)
Depreciation	30,342	33,063
Unrealized loss due to change in market value of investments	1,506,232	1,023,331
Gain on sale of investments	<u>(1,830,857)</u>	<u>(843,716)</u>
	(887,201)	2,663
Change in non-cash operating working capital (Note 15)	<u>3,217,778</u>	<u>(324,567)</u>
	<u>2,330,577</u>	<u>(321,904)</u>

Investing

Purchases of investments	(18,614,402)	(689,547)
Proceeds on sale of investments	<u>17,130,229</u>	<u>6,068,068</u>
	<u>(1,484,173)</u>	<u>5,378,521</u>

Net increase in cash and cash equivalents 846,404 5,056,617

Cash and cash equivalents

Beginning of year	<u>6,943,010</u>	<u>1,886,393</u>
End of year	<u>\$ 7,789,414</u>	<u>\$ 6,943,010</u>

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2019

1. Purpose of organization

The Dartmouth General Hospital Charitable Foundation (the "Foundation") works in partnership with individuals, corporations, foundations, service organizations, and government to secure funding to support the patient care capital improvement requirements of the Dartmouth General Hospital, a site of the Nova Scotia Health Authority ("NSHA").

The Foundation is a not-for-profit organization and as such, is not subject to income taxes.

2. Summary of significant accounting policies

The Foundation has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant policies are detailed as follows:

Fund accounting

The Unrestricted Fund accounts for the Foundation's fundraising activities, unrestricted contributions, television, parking and investment income.

The Restricted Funds account for contributions which have been externally restricted for a specified purpose by the contributor. The contributions are recorded in the appropriate fund based on the external restrictions associated with them.

The Capital Fund accounts for capital assets, including their acquisition, depreciation and disposal. Contributions to the Capital Fund are internally restricted.

Revenue recognition

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

Donation revenue recognized by the Foundation consists of unrestricted, externally restricted and internally restricted contributions. Unrestricted contributions are recognized as revenue of the Unrestricted Fund when received or receivable if the amount can be estimated and collection is assured. Externally restricted contributions are recognized as revenue of the appropriate Restricted Funds when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Net investment income that is not externally restricted is recognized as it is earned in the statement of operations. Net investment income that is externally restricted is recognized as direct increases or decreases in net assets in the appropriate Restricted Fund.

Parking, special events and television rentals revenue are recognized as the related service is provided and collection is reasonably assured. Amounts received in advance of the service being provided are recorded as deferred revenues.

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Capital assets

Purchased capital assets are recorded at cost and subsequently at cost less depreciation. Contributed capital assets are recorded at fair value at the date of contribution. The rates and basis of depreciation applied to write off the cost of equipment over their estimated useful lives are as follows:

Equipment and software	5 years straight-line
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When a capital asset no longer has any long term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed.

Contributed services and materials

Volunteers contribute many hours annually to assist the Foundation in carrying out its service delivery and fundraising activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. During the year, contributed materials and gifts-in-kind were received in the amount of \$73,604 (2018 - \$21,339), the value of which has not been recorded in the financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, net of indebtedness. Bank borrowings are considered to be financing activities. As at March 31, 2019, \$4,421,525 (2018 - \$2,890,563) of cash held is considered restricted for the purposes of the Capital Campaign.

Use of estimates

In preparing the Foundation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Estimates include the useful lives of capital assets, fair market value of investments and allocation of salaries and benefits between operating and capital campaign funds.

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 financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

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 must be measured at fair value. The Foundation has also irrevocably elected to measure its investments in fixed income securities at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market and in fixed income securities are recorded in the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accruals, and payable to the Nova Scotia Health Authority.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses 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.

It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments, except for investments which are subject to foreign currency, interest rate and market risk. Investments held are managed by professional investment managers in accordance with investment policy established and monitored by the Foundation.

3. Receivables	<u>2019</u>	<u>2018</u>
Trade receivable	\$ 5,039	\$ 112,816
HST receivables	<u>17,164</u>	<u>17,749</u>
	<u>\$ 22,203</u>	<u>\$ 130,565</u>

4. Investments, at market value	<u>2019</u>	<u>2018</u>
Pooled Funds	\$ 14,521,096	\$ 13,752,323
Guaranteed investment certificates	<u>520,965</u>	<u>-</u>
	<u>\$ 15,042,061</u>	<u>\$ 13,752,323</u>

5. Capital assets			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment and software	\$ 168,202	\$ 165,352	<u>\$ 2,850</u>	<u>\$ 33,192</u>

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2019

6. Internally imposed restrictions

The Foundation has committed to funding certain equipment for the Dartmouth General Hospital, a site of NSHA. Donations made for specific purposes are restricted towards their specified use. The Foundation funds any shortfall for commitments made from unrestricted net assets.

7. Donations	<u>2019</u>	<u>2018</u>
Bequests	\$ 500	\$ 18,750
Direct mail/Newsletter (Echo/Telemetry)	82,079	65,067
Major gifts	32,973	130,977
Memoriam	23,600	18,168
Unrestricted	7,313	2,934
New gifts - equipment	4,497	6,646
Major Capital Campaign		
Restricted	<u>1,921,039</u>	<u>295,080</u>
	<u>\$ 2,072,001</u>	<u>\$ 537,622</u>

8. Investment income	<u>2019</u>	<u>2018</u>
Dividends	\$ 365,676	\$ 505,835
Gain on sale of investments	1,830,857	843,716
Interest	<u>243,870</u>	<u>235,169</u>
	<u>\$ 2,440,403</u>	<u>\$ 1,584,720</u>

9. Parking	<u>2019</u>	<u>2018</u>
Gross revenue	\$ 744,179	\$ 705,600
Transportation and infrastructure renewal portion	<u>(31,293)</u>	<u>(27,788)</u>
Net revenue	<u>712,886</u>	<u>677,812</u>
Expenses		
Depreciation	30,342	33,063
Snow removal	37,000	42,795
Security	44,493	37,994
Repairs and maintenance	<u>18,249</u>	<u>38,688</u>
	<u>130,084</u>	<u>152,540</u>
Net earnings	<u>\$ 582,802</u>	<u>\$ 525,272</u>

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2019

9. Parking (continued)

The Dartmouth General Hospital Charitable Foundation is leasing the land on which the parking facilities are located from the Dartmouth General Hospital, a site of NSHA, for a nominal amount, and are currently in the process of formalizing new lease terms. Additional parking facilities are being leased by the Foundation from the Province of Nova Scotia for a nominal amount.

10. Special events	<u>2019</u>	<u>2018</u>
Revenue		
Auction and lobster dinner	\$ 207,200	\$ 182,098
Golf tournament	<u>95,602</u>	<u>107,475</u>
	<u>302,802</u>	<u>289,573</u>
Expense		
Auction and lobster dinner	58,670	48,373
Golf tournament	<u>29,470</u>	<u>35,932</u>
	<u>88,140</u>	<u>84,305</u>
Net earnings	<u>\$ 214,662</u>	<u>\$ 205,268</u>

11. Fundraising and office	<u>2019</u>	<u>2018</u>
Advertising	\$ 4,112	\$ 6,613
Board expenses	5,136	15,769
Catering	522	498
Conferences	1,251	519
Courier	4,814	5,995
Direct mail	11,520	7,897
Hospitality	5,005	3,061
Local travel	222	102
Memberships	3,373	2,698
Miscellaneous – fundraising & office	2,172	1,175
Newsletter	10,889	10,877
Office supplies	14,137	9,609
Photography	710	-
Postage	2,179	2,000
Printing	117	793
Recruitment	42,488	-
Software and hardware	1,611	3,670
Subscriptions and journals	538	2,896
System maintenance and training	12,724	14,775
Telephone	3,097	1,583
Website and hosting	<u>1,422</u>	<u>3,653</u>
	<u>\$ 128,039</u>	<u>\$ 94,183</u>

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2019

12. Miscellaneous	<u>2019</u>	<u>2018</u>
Bank charges	\$ 17,763	\$ 13,586
Liability insurance	<u>2,716</u>	<u>2,655</u>
	<u>\$ 20,479</u>	<u>\$ 16,241</u>

13. Redevelopment campaign	<u>2019</u>	<u>2018</u>
Communications	86,952	94,479
Hospitality	9,174	3,871
Other	2,867	10,174
Postage and courier	-	77
Professional fees	69,880	126,820
Salary and benefits	<u>256,400</u>	<u>145,037</u>
	<u>\$ 425,273</u>	<u>\$ 380,458</u>

14. Distributions

Distributions are amounts that have been committed by the Board of Directors to the Dartmouth General Hospital, a site of Capital Health, towards equipment purchases and other related capital expenditures. Included in the current year are distributions, in the amount of \$4,348 (2018 - \$4,327), to fund the Dr. Gerald Burns Lecture.

15. Supplemental cash flow information	<u>2019</u>	<u>2018</u>
Change in non-cash operating working capital		
Receivables	\$ 108,362	\$ (99,515)
Prepays	(8,143)	1,942
Payables and accruals	32,393	13,771
Deferred revenue	(9,325)	10,325
Payable to Nova Scotia Health Authority	<u>3,094,491</u>	<u>(251,090)</u>
	<u>\$ 3,217,778</u>	<u>\$ (324,567)</u>

16. Inter-fund transfers

In the prior year, the Foundation incurred expenses related to the Capital Campaign through the unrestricted fund. As a result, an inter-fund transfer in the amount of \$77,460 (2018 - \$Nil) was transferred from the Capital Campaign Fund to the Unrestricted Fund to recover the cost incurred for the Capital Campaign expenditures.

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2019

17. Commitments

As of April 2017, the Foundation has committed to contribute \$11 million to the NSHA, a related entity, which will be used towards the Dartmouth General Hospital Redevelopment project. To date, \$2,732,511 (2018 - \$Nil) has been distributed from the Foundation to the NSHA.