



Financial Statements

Dartmouth General Hospital Charitable Foundation

March 31, 2018

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Independent auditor's report

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To the directors of
Dartmouth General Hospital Charitable Foundation

We have audited the accompanying financial statements of Dartmouth General Hospital Charitable Foundation, which comprise the statement of financial position as at March 31, 2018, the statements of operations, operations by fund and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many not-for-profit organizations, the Foundation reports revenue from special events and donations, 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 and we were unable to determine whether any adjustments for unrecorded revenue might be necessary to special events revenue, donations, (deficiency) excess of revenue over expenses, cash flows from operations for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at March 31, 2018 and 2017 and at April 1, 2017. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Dartmouth General Hospital Charitable Foundation as at March 31, 2018 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.

Halifax, Canada
September 14, 2018



Chartered Professional Accountants
Licensed Public Accountants

Dartmouth General Hospital Charitable Foundation

Statement of operations

Year ended March 31	2018	2017
Revenue		
Donations (Note 7)	\$ 537,622	\$ 936,161
Investment income (Note 8)	1,584,720	762,646
Other income	62,678	14,094
Parking, net (Note 9)	525,272	391,723
Special events, net (Note 10)	205,268	227,077
Television rentals	-	18,007
	2,915,560	2,349,708
Expenses		
Accounting	14,535	13,544
Fundraising and office (Note 11)	94,183	137,705
Investment management fees	63,628	68,552
Miscellaneous (Note 12)	16,241	13,846
Professional fees	13,346	27,001
Redevelopment campaign (Note 13)	380,458	-
Salaries and benefits	244,194	352,691
	826,585	613,339
Excess of revenue over expenses, before distributions and unrealized (loss) gain due to change in market value of investments	2,088,975	1,736,369
Distributions (Note 14)	1,275,659	329,850
Excess of revenue over expenses, after distributions and before unrealized (loss) gain due to change in market value of investments	813,316	1,406,519
Unrealized (loss) gain due to change in market value of investments	(1,023,331)	1,156,218
(Deficiency) excess of revenue over expenses	\$ (210,015)	\$ 2,562,737

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	2018	<u>2017</u>	
Balance, beginning of year	\$ 66,255	\$ 439,384	\$ 66,307	\$ 5,803	\$ 18,344,115	\$ 18,921,864	\$ 16,359,127	
Revenues	-	324,527	-	-	2,591,033	2,915,560	2,349,708	
Expenses	(33,063)	(380,458)	-	-	(413,064)	(826,585)	(613,339)	
Distributions	-	-	-	-	(1,275,659)	(1,275,659)	(329,850)	
Unrealized (loss) gain due to change in market value of investments	-	-	-	-	(1,023,331)	(1,023,331)	1,156,218	
(Deficiency) excess of revenue over expenses	(33,063)	(55,931)	-	-	(121,021)	(210,015)	2,562,737	
Interfund transfers (Note 16)	-	2,500,000	-	-	(2,500,000)	-	-	
Balance, end of year	<u>\$ 33,192</u>	<u>\$ 2,883,453</u>	<u>\$ 66,307</u>	<u>\$ 5,803</u>	<u>\$ 15,723,094</u>	<u>\$ 18,711,849</u>	<u>\$ 18,921,864</u>	

See accompanying notes to the financial statements.

Dartmouth General Hospital Charitable Foundation

Statement of financial position

March 31 2018 2017

Assets

Current

Cash and cash equivalents	\$ 6,943,010	\$ 1,886,393
Receivables (Note 3)	130,565	31,050
Prepays	<u>11,396</u>	<u>13,338</u>
	7,084,971	1,930,781

Investments, at market value (Note 4)	13,752,323	19,310,459
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Capital assets (Note 5)	<u>33,192</u>	<u>66,255</u>
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	<u>\$ 20,870,486</u>	<u>\$ 21,307,495</u>
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Liabilities

Current

Payables and accruals	\$ 75,037	\$ 61,266
Deferred revenue	11,525	1,200
Payable to the Nova Scotia Health Authority	<u>2,072,075</u>	<u>2,323,165</u>
	<u>2,158,637</u>	<u>2,385,631</u>

Net assets

Internally restricted – invested in capital assets	33,192	66,255
Externally restricted	2,955,563	511,494
Unrestricted	<u>15,723,094</u>	<u>18,344,115</u>
	<u>18,711,849</u>	<u>18,921,864</u>

	<u>\$ 20,870,486</u>	<u>\$ 21,307,495</u>
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On behalf of the Board



Chairman



Treasurer

Dartmouth General Hospital Charitable Foundation

Statement of cash flows

Year ended March 31

2018

2017

Increase (decrease) in cash and cash equivalents

Operating

(Deficiency) excess of revenue over expenses	\$ (210,015)	\$ 2,562,737
Depreciation	33,063	33,064
Unrealized loss (gain) due to change in market value of investments	1,023,331	(1,156,218)
Gain on sale of investments	<u>(843,716)</u>	<u>(19,595)</u>
	2,663	1,419,988
Change in non-cash operating working capital (Note 15)	<u>(324,567)</u>	<u>366,655</u>
	<u>(321,904)</u>	<u>1,786,643</u>

Investing

Purchases of investments	(689,547)	(730,841)
Proceeds on sale of investments	<u>6,068,068</u>	<u>72,880</u>
	<u>5,378,521</u>	<u>(657,961)</u>

Net increase in cash and cash equivalents 5,056,617 1,128,682

Cash and cash equivalents

Beginning of year	<u>1,886,393</u>	<u>757,711</u>
End of year	<u>\$ 6,943,010</u>	<u>\$ 1,886,393</u>

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2018

1. Purpose of organization

The Dartmouth General Hospital Charitable Foundation (the "Foundation") works in close 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").

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 Fund 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 event 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, 2018

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 \$21,339 (2017 - \$67,748), 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, and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities. As at March 31, 2018, \$2,890,563 (2017 - \$Nil) 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, allowance for doubtful accounts, 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, 2018

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 NSHA.

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.

Income taxes

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

3. Receivables	<u>2018</u>	<u>2017</u>
Trade receivable	\$ 112,816	\$ 16,086
HST rebate	<u>17,749</u>	<u>14,964</u>
	<u>\$ 130,565</u>	<u>\$ 31,050</u>

4. Investments, at market value	<u>2018</u>	<u>2017</u>
Pooled funds	<u>\$ 13,752,323</u>	<u>\$ 19,310,459</u>

5. Capital assets			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment and software	<u>\$ 168,202</u>	<u>\$ 135,010</u>	<u>\$ 33,192</u>	<u>\$ 66,255</u>

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2018

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>2018</u>	<u>2017</u>
Bequests	\$ 18,750	\$ 336,007
Direct mail/Newsletter (Echo/Telemetry)	65,067	72,811
Major gifts	130,977	135,364
Memoriam	18,168	30,065
Restricted	295,080	301,355
Unrestricted	2,934	13,888
Major Equipment Campaign		
Pledge payments	-	40,000
New gifts	6,646	6,671
	<u>\$ 537,622</u>	<u>\$ 936,161</u>

8. Investment income	<u>2018</u>	<u>2017</u>
Dividends	\$ 505,835	\$ 475,967
Gain on sale of investments	843,716	19,595
Interest	235,169	267,084
	<u>\$ 1,584,720</u>	<u>\$ 762,646</u>

9. Parking	<u>2018</u>	<u>2017</u>
Gross revenue	\$ 705,600	\$ 533,978
Transportation and infrastructure renewal portion	(27,788)	(23,753)
Refunded parking	-	(60)
Net revenue	<u>677,812</u>	<u>510,165</u>
Expenses		
Depreciation	33,063	33,064
Snow removal	42,795	21,800
Security	37,994	37,737
Repairs and maintenance	38,688	25,841
	<u>152,540</u>	<u>118,442</u>
Net earnings	<u>\$ 525,272</u>	<u>\$ 391,723</u>

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2018

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 to February 28, 2019, for a nominal amount.

10. Special events	<u>2018</u>	<u>2017</u>
Revenue		
Auction and lobster dinner	\$ 182,098	208,517
Golf tournament	107,475	91,354
The Affair event	-	23,442
	<u>289,573</u>	<u>323,313</u>
Expense		
Auction and lobster dinner	48,373	51,771
Golf tournament	35,932	27,611
The Affair event	-	16,854
	<u>84,305</u>	<u>96,236</u>
Net earnings	<u>\$ 205,268</u>	<u>\$ 227,077</u>

11. Fundraising and office	<u>2018</u>	<u>2017</u>
Advertising	\$ 6,613	\$ 3,534
Board expenses	15,769	1,106
Campaign readiness	-	77,460
Catering	498	108
Conferences	519	1,043
Courier	5,995	5,931
Direct mail	7,897	9,473
Hospitality	3,061	558
Local travel	102	218
Memberships	2,698	1,642
Miscellaneous – fundraising & office	1,175	2,879
Newsletter	10,877	9,962
Office supplies	9,609	6,777
Postage	2,000	3,584
Printing	793	57
Software and hardware	3,670	944
Subscriptions and journals	2,896	-
System maintenance and training	14,775	7,156
Telephone	1,583	2,089
Website and hosting	3,653	3,184
	<u>\$ 94,183</u>	<u>\$ 137,705</u>

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2018

12. Miscellaneous	<u>2018</u>	<u>2017</u>
Bank charges	\$ 13,586	\$ 11,191
Liability insurance	<u>2,655</u>	<u>2,655</u>
	<u>\$ 16,241</u>	<u>\$ 13,846</u>

13. Redevelopment campaign	<u>2018</u>	<u>2017</u>
Communications	94,479	-
Hospitality	3,871	-
Other	10,174	-
Postage and courier	77	-
Professional fees	126,820	-
Salary and benefits	<u>145,037</u>	<u>-</u>
	<u>\$ 380,458</u>	<u>\$ -</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 \$4,327 (2017 - \$4,058), to fund the Dr. Gerald Burns Lecture.

15. Supplemental cash flow information	<u>2018</u>	<u>2017</u>
Change in non-cash operating working capital		
Receivables	\$ (99,515)	\$ 64,313
Prepays	1,942	(5,557)
Payables and accruals	13,771	27,369
Deferred revenue	10,325	(2,300)
Payable to Nova Scotia Health Authority	<u>(251,090)</u>	<u>282,830</u>
	<u>\$ (324,567)</u>	<u>\$ 366,655</u>

16. Inter-fund transfers

As of January 1, 2018, 50% of undesignated bequests received are transferred into the capital campaign fund for use towards the Dartmouth General Hospital redevelopment project. As a result, an inter-fund transfer in the amount of \$Nil (2017 - \$139,384) was transferred from the Unrestricted Fund to the Capital Campaign Fund. Additionally, the Foundation transfers resources between funds as determined by the requirements, and the available resources, for any given transaction. In the current year, this resulted in an inter-fund transfer in the amount of \$2,500,000 (2017 - \$Nil) from the Unrestricted Fund to the Capital Campaign Fund at the discretion of the Board of Directors to fund the Capital Campaign.

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2018

17. Commitments

As of April 2017, the Foundation has committed to contribute \$13 million to the NSHA, a related entity, which will be used towards the Dartmouth General Hospital Redevelopment project. To date, \$Nil has been distributed from the Foundation to the NSHA; however, \$2,500,000 of investments have been converted to cash and restricted to fund the capital project.