

**DARTMOUTH GENERAL HOSPITAL CHARITABLE
FOUNDATION**

FINANCIAL STATEMENTS

MARCH 31, 2020

**DARTMOUTH GENERAL HOSPITAL CHARITABLE FOUNDATION
INDEX
MARCH 31, 2020**

	Page
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF OPERATIONS	4
STATEMENT OF OPERATIONS BY FUND AND CHANGES IN FUND BALANCES	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 13
SCHEDULES OF REVENUES AND EXPENSES	14 - 15



Baker Tilly Nova Scotia Inc.
Suite 201, 130 Eileen Stubbs Ave
Dartmouth, NS
Canada B3B 2C4

D: +1 902.404.4000
F: +1 902.404.3099

halifax@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITORS' REPORT

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, 2020 and the statements of operations, operations by fund and changes in fund balances 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 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, 2020, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenues from fundraising activities, the completeness of which is not susceptible to 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 revenues, excess (deficiency) of revenues over expenses, assets and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 opinion.

Other Matter

The financial statements of the Foundation for the year ended March 31, 2019 were audited by another auditor who expressed a qualified opinion on those statements on September 18, 2019 for the reason described in the Basis for Qualified Opinion paragraph.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters 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.

Auditors' 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 auditors' 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 auditors' 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.

Baker Tilly Nova Scotia Inc

Dartmouth, Nova Scotia
June 25, 2020

**Chartered Professional Accountants
Licensed Public Accountants**

DARTMOUTH GENERAL HOSPITAL CHARITABLE FOUNDATION 4
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
	\$	\$
REVENUES		
Donations (Schedule 1)	2,714,045	2,072,001
Investments (Schedule 2)	788,301	2,440,403
Other	14,385	22,560
Parking, net (Schedule 3)	538,920	582,802
Special events, net (Schedule 4)	<u>259,474</u>	<u>214,662</u>
	<u>4,315,125</u>	<u>5,332,428</u>
EXPENSES		
Accounting fees	11,040	13,396
Fundraising and office (Schedule 5)	116,476	128,039
Management and administrative fees	102,508	65,911
Insurance	2,783	2,716
Interest and bank charges	17,607	17,763
Professional fees	13,017	33,634
Redevelopment campaign	858,994	425,273
Salaries and wages	<u>290,733</u>	<u>167,123</u>
	<u>1,413,158</u>	<u>853,855</u>
EXCESS OF REVENUES OVER EXPENSES, BEFORE DISTRIBUTIONS AND UNREALIZED LOSS DUE TO CHANGE IN MARKET VALUE OF INVESTMENTS	2,901,967	4,478,573
DISTRIBUTIONS (Note 8)	(1,032,053)	(3,565,259)
UNREALIZED LOSS DUE TO CHANGE IN MARKET VALUE OF INVESTMENTS	<u>(875,118)</u>	<u>(1,506,232)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>994,796</u>	<u>(592,918)</u>



DARTMOUTH GENERAL HOSPITAL CHARITABLE FOUNDATION
STATEMENT OF OPERATIONS BY FUND AND CHANGES IN FUND BALANCES
AS AT MARCH 31, 2020

	Externally Restricted					Unrestricted	2020	2019
	Internally Restricted Capital Fund	Capital Campaign Fund	Palliative Care Fund	Cardiology Education Fund				
	\$	\$	\$	\$	\$	\$	\$	
Balance, beginning of year	2,850	1,607,457	57,395	5,803	16,445,426	18,118,931	18,711,849	
Revenues	-	2,108,673	-	-	2,206,452	4,315,125	5,332,428	
Expenses	(18,550)	(858,994)	-	-	(535,614)	(1,413,158)	(853,855)	
Distributions	-	(1,000,000)	(344)	-	(31,709)	(1,032,053)	(3,565,259)	
Unrealized loss due to change in market value of investments	-	-	-	-	(875,118)	(875,118)	(1,506,232)	
Excess (deficiency) of revenues over expenses	(18,550)	249,679	(344)	-	764,011	994,796	(592,918)	
Interfund transfers	15,700	9,135	-	-	(24,835)	-	-	
Balance, end of year	-	<u>1,866,271</u>	<u>57,051</u>	<u>5,803</u>	<u>17,184,602</u>	<u>19,113,727</u>	<u>18,118,931</u>	

DARTMOUTH GENERAL HOSPITAL CHARITABLE FOUNDATION 6
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	2020	2019
	\$	\$
ASSETS		
CURRENT		
Cash	4,830,716	7,789,414
Short term investments	2,570,078	519,060
Accounts receivable (Note 3)	100,390	22,203
Prepays	<u>9,439</u>	<u>19,539</u>
	7,510,623	8,350,216
INVESTMENTS (Note 4)	14,234,335	15,042,061
CAPITAL ASSETS (Note 5)	<u>206,887</u>	<u>2,850</u>
	<u>21,951,845</u>	<u>23,395,127</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	91,294	107,430
Deferred revenue	25,898	2,200
Due to Nova Scotia Health Authority	<u>2,720,926</u>	<u>5,166,566</u>
	<u>2,838,118</u>	<u>5,276,196</u>
FUND BALANCES		
INTERNALLY RESTRICTED (Note 6)	-	2,850
EXTERNALLY RESTRICTED	1,929,125	1,670,655
UNRESTRICTED	<u>17,184,602</u>	<u>16,445,426</u>
	<u>19,113,727</u>	<u>18,118,931</u>
	<u>21,951,845</u>	<u>23,395,127</u>
COMMITMENT (Note 7)		

Approved by the Board


 _____ Director

 _____ Director

DARTMOUTH GENERAL HOSPITAL CHARITABLE FOUNDATION 7
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
	\$	\$
CASH PROVIDED BY (USED FOR):		
OPERATING		
Excess (deficiency) of revenues over expenses	994,796	(592,918)
Items not affecting cash		
Amortization	18,550	30,342
Unrealized loss due to change in market value of investments	875,118	1,506,232
Gain on sale of investments	<u>(329,359)</u>	<u>(1,830,857)</u>
	1,559,105	(887,201)
Changes in non-cash working capital items		
Accounts receivable	(78,187)	108,362
Prepays	10,100	(8,143)
Accounts payable and accrued liabilities	(16,136)	32,393
Deferred revenue	23,698	(9,325)
Due to Nova Scotia Health Authority	<u>(2,445,640)</u>	<u>3,094,491</u>
	<u>(947,060)</u>	<u>2,330,577</u>
INVESTING		
Purchases of investments	(18,919,280)	(18,614,402)
Proceeds on sale of investments	17,130,229	17,130,229
Acquisition of capital assets	<u>(222,587)</u>	<u>-</u>
	<u>(2,011,638)</u>	<u>(1,484,173)</u>
CHANGE IN CASH	(2,958,698)	846,404
CASH - beginning of year	<u>7,789,414</u>	<u>6,943,010</u>
CASH - end of year	<u><u>4,830,716</u></u>	<u><u>7,789,414</u></u>
CASH CONSISTS OF:		
Cash	2,338,427	3,367,889
Restricted cash	<u>2,492,289</u>	<u>4,421,525</u>
	<u><u>4,830,716</u></u>	<u><u>7,789,414</u></u>

1. OPERATIONS

Dartmouth General Hospital Charitable Foundation "the Foundation" works in partnership with individuals, corporations, foundations, service organizations and governments 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. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Unrestricted fund

The Unrestricted Fund is used for the Foundation's day-to-day ongoing activities including fundraising activities, unrestricted contributions, television, parking and investment income. This fund includes the assets, liabilities, revenues and expenses other than those related to the Externally Restricted Funds or Capital Fund.

Externally restricted funds

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

Capital fund

The purpose of the Capital Fund is to account for capital assets, including their acquisition, amortization and disposal. Contributions to the Capital Fund are internally restricted.

Cash

Cash consists of cash on hand and bank balances that fluctuate held with a financial institution.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rate and method over their estimated useful lives as follows:

Equipment and software	20%	Straight line
------------------------	-----	---------------

One half year's amortization is taken in the year of acquisition.

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

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 is fixed or determinable and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the appropriate restricted funds when received or receivable if the amount is fixed or determinable and collection is reasonably assured. Internally restricted contributions are recognized as revenue in the Capital Fund when received or receivable if the amount is fixed or determinable 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 fund balances in the appropriate Restricted Fund.

Parking and special events 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

All other revenues are recognized when the risk and rewards of ownership transfer to the Foundation, the amount is fixed or determinable and collection is reasonably assured.

Contributed goods and services

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the Foundation's operations and would otherwise have been purchased.

The Foundation benefits from donated services in the form of volunteer time for various programs and objectives of the Foundation. Due to the difficulty of determining their fair value, these contributed services are not recognized in these financial statements.

Income taxes

The Foundation is a registered charity under section 149.1(1) of the Income Tax Act, and, as such, is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

Financial instruments

Measurement of financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenses.

Financial assets measured at amortized cost include cash, short term investments and accounts receivable.

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amount due to Nova Scotia Health Authority.

DARTMOUTH GENERAL HOSPITAL CHARITABLE FOUNDATION 11
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write down is recognized in excess (deficiency) of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of a reversal is recognized in excess (deficiency) of revenues over expenses.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used when accounting for items and matters such as useful lives of capital assets and certain accrued liabilities. Actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE	2020	2019
	\$	\$
Trade receivables	67,813	5,039
Government remittances receivable	<u>32,577</u>	<u>17,164</u>
	<u>100,390</u>	<u>22,203</u>
4. INVESTMENTS		
	Fair value	Fair value
	2020	2019
	\$	\$
Pooled Funds	14,167,284	14,521,096
GICs	<u>67,051</u>	<u>520,965</u>
	<u>14,234,335</u>	<u>15,042,061</u>

DARTMOUTH GENERAL HOSPITAL CHARITABLE FOUNDATION 12
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

5. CAPITAL ASSETS

	Cost	Amortization	Net 2020	Net 2019
	\$	\$	\$	\$
Equipment and software	<u>225,437</u>	<u>18,550</u>	<u>206,887</u>	<u>2,850</u>

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 fund balances.

7. COMMITMENT

As of April 2017, the Foundation has committed to contribute \$11,000,000 to the NSHA, a related entity, which will be used towards the Dartmouth General Hospital Redevelopment project. To date, \$3,732,511 (2019 - \$2,732,511) has been distributed from the Foundation to NSHA.

8. DISTRIBUTIONS

Distributions are amounts that have been committed by the Board of Directors to the Dartmouth General Hospital, a site of NSHA, towards equipment purchases and other related capital expenditures.

9. FINANCIAL INSTRUMENTS

Risks and concentrations

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations at March 31, 2020.

It is management's opinion that the Foundation is not exposed to significant liquidity, market, currency, interest rate and other price risks from its financial instruments. The risks arising on financial instruments are limited to the following:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash, short term investments and investments. The Foundation deposits its cash, short term investments and investments in reputable financial institutions and therefore believes the risk of loss to be remote.

10. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.

DARTMOUTH GENERAL HOSPITAL CHARITABLE FOUNDATION 14
SCHEDULES OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020

1. DONATIONS	2020	2019
	\$	\$
Bequests	25,011	500
Direct mail and newsletter	13,485	82,079
Major gifts	2,020	32,973
Memoriums	34,745	23,600
New gifts - equipment	1,520	4,497
Restricted - Endoscopy	143,939	-
Restricted - other	163,000	-
Unrestricted	221,652	7,313
Major Capital Campaign		
Restricted	<u>2,108,673</u>	<u>1,921,039</u>
	<u>2,714,045</u>	<u>2,072,001</u>
2. INVESTMENTS	2020	2019
	\$	\$
Dividends	105,394	365,676
Gain on sale of investments	329,359	1,830,857
Interest	<u>353,548</u>	<u>243,870</u>
	<u>788,301</u>	<u>2,440,403</u>
3. PARKING	2020	2019
	\$	\$
Revenue	758,822	744,179
Transportation and infrastructure renewal portion	<u>(21,441)</u>	<u>(31,293)</u>
	<u>737,381</u>	<u>712,886</u>
Expenses		
Bank charges	8,436	-
Amortization	18,550	30,342
Management fees	15,000	-
Miscellaneous	13,484	-
Rent	3,750	-
Repairs and maintenance	12,297	18,249
Salaries and wages	75,926	-
Security	10,394	44,493
Snow removal	30,669	37,000
Supplies	<u>9,955</u>	<u>-</u>
	<u>198,461</u>	<u>130,084</u>
	<u>538,920</u>	<u>582,802</u>

DARTMOUTH GENERAL HOSPITAL CHARITABLE FOUNDATION 15
SCHEDULES OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020

4. SPECIAL EVENTS	2020	2019
	\$	\$
Revenues		
Auction and lobster dinner	180,853	207,200
Golf tournament	101,590	95,602
Get Up There	<u>73,275</u>	<u>-</u>
	<u>355,718</u>	<u>302,802</u>
Expenses		
Auction and lobster dinner	52,460	58,670
Golf tournament	22,545	29,470
Get Up There	<u>21,239</u>	<u>-</u>
	<u>96,244</u>	<u>88,140</u>
	<u>259,474</u>	<u>214,662</u>
5. FUNDRAISING AND OFFICE	2020	2019
	\$	\$
Advertising	3,559	4,112
Annual report	5,956	-
Board	2,724	5,136
Catering	1,887	522
Conferences	5,476	1,251
Courier	107	4,814
Direct mail	19,773	11,520
Hospitality	2,090	5,005
Local travel	566	222
Memberships	3,381	3,373
Miscellaneous	433	2,172
Newsletter	12,197	10,889
Photography	137	710
Postage	3,039	2,179
Printing	2,341	117
Recruitment	2,801	42,488
Software and hardware	3,889	1,611
Subscriptions and journals	597	538
Supplies	12,120	14,137
System maintenance and training	11,132	12,724
Telecommunications	5,857	3,097
Website and hosting	<u>16,414</u>	<u>1,422</u>
	<u>116,476</u>	<u>128,039</u>