

The Audited Financial Statements of:
YARMOUTH HOSPITAL FOUNDATION
Year ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of the Yarmouth Hospital Foundation:

Qualified Opinion

We have audited the accompanying financial statements of the Yarmouth Hospital Foundation, which are comprised of the statement of financial position as at December 31, 2021, the statements of operations, net assets, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the 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 the Yarmouth Hospital Foundation as at December 31, 2021 and its results of operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

Common with many charitable organizations, Yarmouth Hospital Foundation receives donation revenue, 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 are not able to determine whether any adjustments might be necessary to donation revenues, and any related impact on excess of revenue over expenditures, or net assets.

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, 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.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statement and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, our verification of the donation revenue is limited to the amounts recorded in the records of the Foundation. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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 controls 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' Responsibility

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 judgement 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 controls 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 auditors' 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.

Yarmouth, Nova Scotia
May 31, 2022

White Perkins Associates

Chartered Professional Accountants

YARMOUTH HOSPITAL FOUNDATION
STATEMENT OF FINANCIAL POSITION as at December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$379,941	\$14,429,909
Investment income receivable	1,620	8,768
Canada Emergency Wage Subsidy receivable	-	40,423
HST receivable	13,805	5,702
Prepaid expenses	1,650	1,650
	<u>397,016</u>	<u>14,486,452</u>
INVESTMENTS (note 5)	<u>39,317,696</u>	<u>21,212,478</u>
	<u><u>\$39,714,712</u></u>	<u><u>\$35,698,930</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$62,856	\$31,499
Payable to Digby General Hospital	845	845
Payable to Shelburne Roseway Hospital	252	252
Payable to Nova Scotia Health	1,481,474	530,329
Deferred revenue	1,155	2,080
Deferred contributions (note 6)	226,112	262,587
	<u>1,772,694</u>	<u>827,592</u>
NET ASSETS (note 4)		
Future Fund	-	8,102,475
Endowment Fund	1,862,572	1,689,386
Healthcare Enhancement Endowment Fund	26,503,565	22,233,833
Future / Unrestricted Fund	9,575,881	2,845,644
	<u>37,942,018</u>	<u>34,871,338</u>
	<u><u>\$39,714,712</u></u>	<u><u>\$35,698,930</u></u>

Commitments (note 7)

Approved by:

Director: _____

Director: _____

YARMOUTH HOSPITAL FOUNDATION
STATEMENT OF OPERATIONS
Year ended December 31, 2021

	2021	2020
REVENUE		
Donations and fundraising	\$756,443	\$23,090,461
Investment income	1,375,583	396,527
Gain on disposition of investments	900,098	92,064
Canada Emergency Wage Subsidy	-	40,423
Rent	25,000	25,000
	<u>3,057,124</u>	<u>23,644,475</u>
EXPENSES		
Salaries and benefits	150,053	170,260
Fundraising and event expenses	84,728	83,184
Bursary	15,250	14,250
Contributions to Nova Scotia Health (note 8)	1,540,670	728,226
Contributions to Roseway Hospital Charitable Foundation	3,096	3,317
Contributions to Digby and Area Health Services Charitable Foundation	4,133	4,358
Bank charges	586	399
Investment fees	196,589	75,716
Marketing and promotion	20,636	25,070
Insurance	6,333	5,487
Office expenses	8,696	10,121
Professional fees	15,259	11,766
HR recruiting and transition services	21,898	-
Licenses, dues, and fees	9,379	7,332
Staff conferences	4,026	2,605
Staff, board training and technical maintenance	15,748	28,132
Physician recruitment initiatives	51,935	16,041
Travel, meals, and meeting expenses	630	2,347
Impairment on land	-	1
	<u>2,149,645</u>	<u>1,188,612</u>
Excess before undernoted	907,479	22,455,863
Unrealized gain on equity investments	<u>2,163,201</u>	<u>1,219,212</u>
EXCESS - REVENUE OVER EXPENSES	<u><u>\$3,070,680</u></u>	<u><u>\$23,675,075</u></u>

YARMOUTH HOSPITAL FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
Year ended December 31, 2021

	Future Fund	Endowment Fund	Healthcare Enhancement Endowment Fund	Internally Restricted	Unrestricted	2021	2020
Net assets at beginning of year	\$8,102,475	\$1,689,386	\$22,233,833	\$ -	\$2,845,644	\$34,871,338	\$11,146,533
Excess - revenue over expenses:	(241,669)	24,059	4,269,732	149,127	(1,130,569)	3,070,680	23,675,075
Contributions to endowment fund	-	-	-	-	-	-	49,730
Interfund transfer	907,000	149,127	-	(149,127)	(907,000)	-	-
Interfund transfer	(550,000)	-	-	-	550,000	-	-
Interfund transfer	(8,217,806)	-	-	-	8,217,806	-	-
NET ASSETS AT END OF YEAR	\$ -	\$1,862,572	\$26,503,565	\$ -	\$9,575,881	\$37,942,018	\$34,871,338

YARMOUTH HOSPITAL FOUNDATION
STATEMENT OF CASH FLOW
Year ended December 31, 2021

	2021	2020
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Excess - revenue over expenses	\$3,070,680	\$23,675,075
Add back items which do not involve the use of cash:		
Gain on disposition of investments	(900,098)	(92,064)
Unrealized gain on equity investments	(2,163,201)	(1,219,212)
Impairment on land	-	1
	<u>7,381</u>	<u>22,363,800</u>
Changes in non-cash working capital:		
Accrued interest receivable	7,148	(8,768)
Accounts receivable	-	4,521
Canada Emergency Wage Subsidy receivable	40,423	(40,423)
HST receivable	(8,103)	6,099
Prepaid expenses	-	10,086
Accounts payable and accrued liabilities	31,357	(18,756)
Payable to Digby General Hospital	-	(662)
Payable to Shelburne Roseway Hospital	-	(522)
Payable to Nova Scotia Health	951,145	33,590
Deferred revenue	(925)	150
	<u>1,028,426</u>	<u>22,349,115</u>
FINANCING		
Additions to deferred contributions	22,310	40,519
Endowment contributions received during the year	-	49,730
Deferred contributions spent during the year	(58,785)	(104,875)
	<u>(36,475)</u>	<u>(14,626)</u>
INVESTING		
Additions to investments	(42,820,918)	(23,672,203)
Proceeds received on disposition of investments	27,778,999	15,351,315
	<u>(15,041,919)</u>	<u>(8,320,888)</u>
Increase (decrease) in cash flow	(14,049,968)	14,013,601
Cash position at beginning of year	<u>14,429,909</u>	<u>416,308</u>
CASH POSITION AT END OF YEAR	<u><u>\$379,941</u></u>	<u><u>\$14,429,909</u></u>

YARMOUTH HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2021

1. GENERAL

The Yarmouth Hospital Foundation is a non-profit organization incorporated to provide funding for capital improvements and other needs of the Yarmouth Regional Health Centre which serves Digby, Shelburne and Yarmouth counties. The Foundation is a registered charity under the Canadian Income Tax Act and accordingly, is exempt from income taxes, provided certain requirements of the Canadian Income Tax Act are met. The Foundation's mission is "to support and enhance our Hospital as a Community and Regional Centre of Excellence in Health Care", and its vision is "advancing opportunities that inspire donors, both of today and tomorrow, the Foundation strives to be a leader in health care philanthropy by building meaningful, life-long donor relationships".

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial reporting framework

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Revenue recognition

The Yarmouth Hospital Foundation follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue in the year received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

(c) Deferred contributions

Deferred contributions represent the unspent portion of donations received, which were externally restricted for the purchase and donation of specific health care equipment. These contributions will be recorded as revenue in the statement of operations in the year that the related equipment purchases are expensed. Contributions externally designated for the Future Fund are recorded as revenue in the year received.

(d) Endowments

Endowment contributions are recorded directly on the statement of net assets. Investment income related to endowment contributions is recorded in the manner restricted by the contributor. Investment income from endowments that are unrestricted is recorded through the statement of operations. Investment income that is externally restricted and unspent is reported through the statement of net assets. Please refer to note 4 for further details.

(e) Land

Land was transferred to the Foundation by the Yarmouth Regional Hospital to be held "in trust" for five Regional Municipalities, with its value not being determinable.

(f) Cash

Cash is comprised of bank accounts and investments maturing within 30 days.

(g) Investments

Investments are recorded at their published fair market value. Any unrealized holding gains and losses, being the difference between the cost and the fair market value, are included in the statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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 and reported amounts of revenue and expenses. Actual amounts could differ from these estimates. Accounts receivable carrying balances represents management's best estimates of collectability.

(i) Contributed services

Volunteers contribute an indeterminable number of hours per year. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements. The Foundation also receives contributions for material that would otherwise not be purchased. The Foundation chooses not to recognize the contributed materials in the financial statements.

3. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, receivables, investments, accounts payable, and payables to Nova Scotia Health and hospitals. All financial instruments are initially recognized at fair value and are subsequently measured at amortized cost, except investments, which are measured at fair value. Changes in fair value are recognized in the statement of income in the period incurred.

When financial assets are determined to be impaired, the carrying amount is reduced to the greater of the discounted future cash flows expected, or the proceeds that could be realized from the sale of the financial asset. Such impairments can be reversed if the value subsequently improves.

The financial instruments expose the Foundation to certain financial risks and uncertainties, including:

(a) Credit risk

The Foundation is exposed to credit risk on the accounts receivable and pledged receivables from its donors. The Foundation is subject to geographical concentration of credit risk on all of its accounts receivable due to its operations being solely in the Tri-Counties area of Nova Scotia.

(b) Market risk

The Foundation's investments in publicly-traded securities exposes the Foundation to price risks as these investments are subject to price changes in an open market due to market movements, global economic conditions, global markets, and changes to market rates of interest.

YARMOUTH HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2021

4. NET ASSETS

The Endowment fund balance is comprised of external contributions and funds which the Board internally restricted for endowment purposes. The Foundation's Board of Directors internally restricted monies are to be invested with the investment income only being available for current operations.

	Endowment Contributions	Internally Restricted	Total 2021	Total 2020
Balance, beginning of year	\$234,691	\$1,454,695	\$1,689,386	\$1,462,740
Investment income	24,059	149,127	173,186	176,916
Endowment contributions received	-	-	-	49,730
Balance, end of year	\$258,750	\$1,603,822	\$1,862,572	\$1,689,386

The above noted investment income from endowment contributions is recorded on the statement of operations.

The purpose of the Future Fund is to allow the Foundation to grow its investments for future donations to the Yarmouth Regional Hospital. These restricted funds are not available for unrestricted purposes without the approval of the Board of Directors. During the year, The Board moved to join the Future Fund with the Unrestricted Fund and to change the name to Future / Unrestricted Fund.

5. INVESTMENTS

	2021	2020
Connor, Clark and Lunn Private Capital Ltd. managed Equity Funds:		
Fixed Income	\$15,692,153	\$5,201,484
Canadian Equity	11,034,050	6,668,489
Canadian Income Equity	1,455,045	445,088
Global Equity	10,655,462	4,378,074
Alternative Investments	480,985	352,101
Money Market funds	-	4,167,242
	<u>\$39,317,696</u>	<u>\$21,212,478</u>

6. DEFERRED CONTRIBUTIONS

Unspent externally restricted donations received during the year relate to:

	2021	Additions	Disbursements	2020
Cancer centre	\$7,373	\$50	\$200	\$7,523
Oncology	36,218	300	7,100	43,018
Palliative care - Digby	3,470	-	-	3,470
Palliative care - YHF	3,491	30	975	4,436
Renal dialysis	42,465	2,530	4,571	44,506
Veteran's unit	3,579	5,900	13,769	11,448
Diagnostic imaging	2,056	-	-	2,056
Scholarships	20,000	-	5,000	25,000
Mental health	84,884	500	838	85,222
Maternal child	16,890	-	-	16,890
General ICU	-	-	379	379
Residency program	157	-	4,802	4,959
Radiation	750	-	-	750
Hospice	4,779	13,000	21,151	12,930
	<u>\$226,112</u>	<u>\$22,310</u>	<u>\$58,785</u>	<u>\$262,587</u>

Disbursements of restricted donations are recorded in the statement of operations as Contributions to Nova Scotia Health.

7. COMMITMENTS

The Yarmouth Hospital Foundation has allocated the following to be advanced to Nova Scotia Health:

- \$300,000 towards 1 Echocardiology unit, 1 Transesophageal Echocardiogram (TEE) probe, 1 Echocardiography bed and 1 Cardiac Stress Test unit for cardiac services, Diagnostic Imaging;
- \$300,000 towards 8 non-invasive blood-pressure monitoring systems for the Emergency Department;
- \$455,000 towards 16 non-invasive blood-pressure monitoring systems for the ICU;
- \$61,530 towards 2 Microtome Water Baths for Laboratory Services;
- \$38,969 towards 1 Medical Bath System (Arjo tub) for 4East Med/Surgical;
- \$138,000 towards 1 V-Pro Low Temperature Sterilizer for Medical Device Reprocessing;
- \$56,403 towards 1 Complete Tray Delivery System for Nutrition & Food Services;
- \$1,563,888 towards 2 Minimally Invasive Surgical (MIS) suite equipment replacements for Perioperative Services;
- \$13,326 towards 1 Unweighting System for Rehabilitation Services;
- \$16,921 towards 1 Airwave Oscillometry System for Respiratory Services;
- \$61,530 towards 3 Multiparameter patient monitors for Women's & Children's Health
- \$200,000 for the purpose of providing interest free loans to assist with physician recruitment.

The Foundation has committed to the use of 15% of annual investment revenue from its Healthcare Enhancement Endowment Fund for community initiatives to improve the health of individuals living in Yarmouth, Digby and Shelburne Counties.

The Foundation has also committed \$37,500 to the Yarmouth and Area Chamber of Commerce's Doctor Recruitment Program for 2022.

8. CONTRIBUTIONS TO NOVA SCOTIA HEALTH

	2021	2020
Contributions to the Nova Scotia Health are comprised of the following:		
Equipment for areas of greatest need	\$1,540,670	\$728,226