

The Audited Financial Statements of:  
**YARMOUTH HOSPITAL FOUNDATION**  
Year ended December 31, 2022

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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, 2022, the statement of operations, statement of changes in net assets, and statement of 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, 2022 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 and a summary of the financial information, 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 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 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 30, 2023

White Perkins Associates  
Chartered Professional Accountants

**YARMOUTH HOSPITAL FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION as at December 31, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$319,605	\$379,941
Investment income receivable	459	1,620
HST receivable	13,531	13,805
Prepaid expenses	2,122	1,650
	<u>335,717</u>	<u>397,016</u>
INVESTMENTS (note 5)	34,935,635	39,317,696
	<u>\$35,271,352</u>	<u>\$39,714,712</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$77,119	\$62,856
Payable to Digby General Hospital	1,679	845
Payable to Shelburne Roseway Hospital	789	252
Payable to Nova Scotia Health	2,215,995	1,481,474
Deferred revenue	225	1,155
Deferred contributions (note 6)	237,516	226,112
	<u>2,533,323</u>	<u>1,772,694</u>
<b>NET ASSETS (note 4)</b>		
Endowment Fund	1,653,632	1,862,572
Healthcare Enhancement Endowment Fund	21,453,992	26,503,565
Future / Unrestricted Fund	9,630,405	9,575,881
	<u>32,738,029</u>	<u>37,942,018</u>
	<u>\$35,271,352</u>	<u>\$39,714,712</u>
Commitments and Subsequent Events (note 7)		

Approved by:

Director: \_\_\_\_\_

Director: \_\_\_\_\_

YARMOUTH HOSPITAL FOUNDATION  
 STATEMENT OF OPERATIONS  
 Year ended December 31, 2022

	2022	2021
<b>REVENUE</b>		
Donations and fundraising	\$829,582	\$756,443
Investment income	1,276,279	1,375,583
Gain on disposition of investments	189,605	900,098
Rent	25,000	25,000
	<u>2,320,466</u>	<u>3,057,124</u>
<b>EXPENSES</b>		
Salaries and benefits	172,065	150,053
Fundraising and event expenses	78,632	84,728
Bursary	19,500	15,250
Contributions to Nova Scotia Health	1,520,248	1,540,670
Contributions to Roseway Hospital Charitable Foundation	22,663	3,096
Contributions to Digby and Area Health Services Charitable Foundation	33,623	4,133
Contributions to other charities	105,275	-
Bank charges	262	586
Investment fees	188,358	196,589
Marketing and promotion	24,437	20,636
Insurance	6,378	6,333
Office expenses	8,240	8,696
Professional fees	16,109	15,259
HR recruiting and transition services	-	21,898
Licenses, dues, and fees	17,351	9,379
Staff conferences	2,906	4,026
Staff, board training and technical maintenance	6,836	15,748
Physician recruitment initiatives	41,672	51,935
Travel, meals, and meeting expenses	1,110	630
	<u>2,265,665</u>	<u>2,149,645</u>
Excess revenue over expenses before undernoted	54,801	907,479
Unrealized gain (loss) on equity investments	<u>(5,258,790)</u>	<u>2,163,201</u>
<b>EXCESS (DEFICIENCY) - REVENUE OVER EXPENSES</b>	<u><u>(\$5,203,989)</u></u>	<u><u>\$3,070,680</u></u>



YARMOUTH HOSPITAL FOUNDATION  
 STATEMENT OF CHANGES IN NET ASSETS  
 Year ended December 31, 2022

	Endowment Fund	Healthcare Enhancement Endowment Fund	Future / Unrestricted Fund	2022	2021
Net assets at beginning of year	\$1,862,572	\$26,503,565	\$9,575,881	\$37,942,018	\$34,871,338
Excess (deficiency)	293,542	743,482	(982,223)	54,801	3,070,680
Unrealized gain (loss) on equity investment:	(258,084)	(3,273,026)	(1,727,680)	(5,258,790)	-
Interfund transfers	(244,398)	(2,520,029)	2,764,427	-	-
<b>NET ASSETS AT END OF YEAR</b>	<b>\$1,653,632</b>	<b>\$21,453,992</b>	<b>\$9,630,405</b>	<b>\$32,738,029</b>	<b>\$37,942,018</b>

YARMOUTH HOSPITAL FOUNDATION  
STATEMENT OF CASH FLOW  
Year ended December 31, 2022

	2022	2021
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATIONS</b>		
Excess (shortfall) - revenue over expenses	(\$5,203,989)	\$3,070,680
Add back items which do not involve the use of cash:		
Gain on disposition of investments	(189,605)	(900,098)
Unrealized loss (gain) on equity investments	5,258,790	(2,163,201)
	<u>(134,804)</u>	<u>7,381</u>
Changes in non-cash working capital:		
Accrued interest receivable	1,161	7,148
Canada Emergency Wage Subsidy receivable	-	40,423
HST receivable	274	(8,103)
Prepaid expenses	(472)	-
Accounts payable and accrued liabilities	14,263	31,357
Payable to Digby General Hospital	834	-
Payable to Shelburne Roseway Hospital	537	-
Payable to Nova Scotia Health	734,521	951,145
Deferred revenue	(930)	(925)
	<u>615,384</u>	<u>1,028,426</u>
<b>FINANCING</b>		
Additions to deferred contributions	35,486	22,310
Deferred contributions spent during the year	(24,082)	(58,785)
	<u>11,404</u>	<u>(36,475)</u>
<b>INVESTING</b>		
Additions to investments	(5,773,480)	(42,820,918)
Proceeds received on disposition of investments	5,086,356	27,778,999
	<u>(687,124)</u>	<u>(15,041,919)</u>
<b>Decrease in cash flow</b>	<b>(60,336)</b>	<b>(14,049,968)</b>
Cash position at beginning of year	<u>379,941</u>	<u>14,429,909</u>
<b>CASH POSITION AT END OF YEAR</b>	<u><u>\$319,605</u></u>	<u><u>\$379,941</u></u>



## **1. GENERAL**

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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."

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## **2. SIGNIFICANT ACCOUNTING POLICIES**

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(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 are 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.

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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(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 and balances carried as Payable to Nova Scotia Health represent management's best estimates of the costs to be paid for unbilled equipment purchases.

(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.

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## 3. FINANCIAL INSTRUMENTS

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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) 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.

(b) Price risk

The Foundation is potentially exposed to price risk on the balance payable to Nova Scotia Health for medical equipment purchased but not yet invoiced by Nova Scotia Health, in respect to current levels of inflation. While the Foundation has only committed to paying the stated balance for the respective equipment, Nova Scotia Health may approach the Foundation for additional funding as required.

YARMOUTH HOSPITAL FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 Year ended December 31, 2022

**4. NET ASSETS**

The Endowment Fund is comprised of external contributions and funds which the Board internally restricted for endowment purposes. The capital of the Foundation's Board of Directors internally restricted endowment monies are to be held in perpetuity, with only the investment income earned being available for current operations.

	Endowment Contributions	Internally Restricted	Total 2022	Total 2021
Balance, beginning of year	\$234,691	\$1,627,881	\$1,862,572	\$1,689,386
Excess of realized income over expenses	-	66,021	66,021	122,734
Unrealized gain (loss) on disposal of investments	-	(258,084)	(258,084)	50,452
Contributions received	-	227,521	227,521	-
Interfund transfer	-	(244,398)	(244,398)	-
Balance, end of year	\$234,691	\$1,418,941	\$1,653,632	\$1,862,572

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

The Healthcare Enhancement Endowment Fund originated from an anonymous donation received by the Foundation. Investment income earned in this fund is unrestricted. The Foundation's Board of Directors has committed that up to 4% of the capital received in addition to all realized investment income earned annually within this fund will be allocated to enhancing health care services each year for people in Yarmouth, Digby and Shelburne now and for the benefit of future generations of Sothwestern Nova Scotia. Most of this will be spent on capital equipment, special projects and programs carried out by the Yarmouth Regional Hospital.

The purpose of the Future / Unrestricted Fund is to allow the Foundation to grow its investments for future donations to the Yarmouth Regional Hospital.

**5. INVESTMENTS**

	2022	2021
Connor, Clark and Lunn Private Capital Ltd. managed Equity Funds:		
Fixed Income	\$15,596,766	\$15,692,153
Canadian Equity	8,909,857	11,034,050
Canadian Income Equity	1,429,665	1,455,045
Global Equity	8,300,526	10,655,462
Alternative Investments	698,821	480,986
	<u>\$34,935,635</u>	<u>\$39,317,696</u>

The Foundation's investments are segregated into the following accounts:

Endowment	\$1,229,119
Scholarships	424,513
Future / Unrestricted	11,293,545
Alternative investments	534,466
Healthcare Enhancement Endowment	21,289,636
Healthcare Enhancement Endowment alternative investments	164,356
	<u>\$34,935,635</u>

During the year investments were drawn by a total of \$650,000 to finance current year equipment contributions to Nova Scotia Health. Of this \$425,000 came from Healthcare enhancement endowment investments and \$225,000 came from Future/Unrestricted investments.

## 6. DEFERRED CONTRIBUTIONS

Unspent externally restricted donations received during the year relate to:

	2022	Additions	Disbursements	2021
Cancer centre	\$19,489	\$12,116	\$ -	\$7,373
Oncology	47,338	11,120	-	36,218
Palliative care - Digby	3,470	-	-	3,470
Palliative care - YHF	4,641	1,150	-	3,491
Renal dialysis	43,505	1,040	-	42,465
Veteran's unit	3,579	-	-	3,579
Diagnostic imaging	2,056	-	-	2,056
Scholarships	15,333	-	4,667	20,000
Mental health	93,624	10,060	1,320	84,884
Maternal child	3,574	-	13,316	16,890
Residency program	157	-	-	157
Radiation	750	-	-	750
Hospice	-	-	4,779	4,779
	<u>\$237,516</u>	<u>\$35,486</u>	<u>\$24,082</u>	<u>\$226,112</u>

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

## 7. COMMITMENTS AND SUBSEQUENT EVENTS

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

Commitments carried forward from prior years:

- \$1,563,888 towards 2 Minimally Invasive Surgical (MIS) suite equipment for Perioperative Services;
- \$200,000 for the purpose of providing interest free loans to assist with physician recruitment.

Commitments made for 2023:

- \$34,000 towards 8 Tilt Recliner Chair 4 ICU 4-EAST for Intensive Care Unit/4 East;
- \$130,000 towards 1 Gene Xpert for Laboratory Services;
- \$76,913 towards 1 MYOSURE for Perioperative Services;
- \$461,475 towards 3 Anesthetic Machine for Perioperative Services;
- \$176,386 towards 4 Infant Radiant Warmers for Women and Children's Health;
- \$60,485 towards 1 ED Bedside Ultrasound Machine for Yarmouth Regional Hospital Emergency Department;
- \$18,274 towards 1 Bladder Scanner for Yarmouth Regional Hospital Emergency Department;
- \$25,500 towards 1 ECG Machine for Cardiac Services;
- \$1,500,000 towards the cost of a \$3,000,000 SPECT-CT;

The Foundation has also committed \$60,000 annually to the Yarmouth and Area Chamber of Commerce's Doctor Recruitment Program for the years 2023-2025, and \$6,500 annually for the Family Medicine Resident Program.

The Foundation has committed to the use of 15% of the prior year's 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. For 2023, this represents a \$149,407 commitment.

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**7. COMMITMENTS AND SUBSEQUENT EVENTS (continued)**

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Subsequent to year-end, the Foundation entered into a 60 month lease agreement for 27 multiparameter vital sign monitors, with monthly payments of \$13,120. This lease obligation of \$157,440 annually from 2023 to 2027, totals \$787,200 over the lease term.