

The Audited Financial Statements of:
YARMOUTH HOSPITAL FOUNDATION
Year ended December 31, 2023

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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, 2023, 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, 2023 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 22, 2024

White Perkins Associates
Chartered Professional Accountants

YARMOUTH HOSPITAL FOUNDATION
 STATEMENT OF FINANCIAL POSITION as at December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$392,256	\$319,605
Investment income receivable	-	459
HST receivable	8,729	13,531
Prepaid expenses	4,918	2,122
	<u>405,903</u>	<u>335,717</u>
INVESTMENTS (note 5)	<u>36,966,794</u>	<u>34,935,635</u>
	<u><u>\$37,372,697</u></u>	<u><u>\$35,271,352</u></u>
<hr/>		
	2023	2022
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$76,606	\$77,119
Payable to Digby General Hospital	845	1,679
Payable to Shelburne Roseway Hospital	252	789
Payable to Nova Scotia Health	3,217,812	2,215,995
Deferred revenue	255	225
Deferred contributions (note 6)	257,026	237,516
	<u>3,552,796</u>	<u>2,533,323</u>
NET ASSETS (note 4)		
Endowment Fund	1,812,667	1,653,632
Healthcare Enhancement Endowment Fund	22,610,624	21,453,992
Future / Unrestricted Fund	9,396,610	9,630,405
	<u>33,819,901</u>	<u>32,738,029</u>
	<u><u>\$37,372,697</u></u>	<u><u>\$35,271,352</u></u>

Commitments (note 7)

Approved by:

Director: _____

Director: _____

YARMOUTH HOSPITAL FOUNDATION
STATEMENT OF OPERATIONS
Year ended December 31, 2023

	2023	2022 (note 8)
REVENUE		
Donations and fundraising	\$544,102	\$602,061
Investment income	1,170,814	1,276,279
Gain on disposition of investments	52,198	189,605
Rent	25,000	25,000
	<u>1,792,114</u>	<u>2,092,945</u>
EXPENSES		
Salaries and benefits	220,644	172,065
Fundraising and event expenses	84,101	78,632
Bursary	24,000	19,500
Contributions to Nova Scotia Health	2,406,941	1,520,248
Contributions to Roseway Hospital Charitable Foundation	2,429	22,663
Contributions to Digby and Area Health Services Charitable Foundation	37,849	33,623
Contributions to other charities	98,884	105,275
Bank charges	271	262
Investment fees	190,559	188,358
Marketing and promotion	29,356	24,437
Insurance	6,428	6,378
Office expenses	8,404	8,240
Professional fees	28,305	16,109
Licenses, dues, and fees	20,373	17,351
Staff conferences	7,517	2,906
Staff, board training, and technical maintenance	4,821	6,836
Physician recruitment initiatives	64,204	41,672
Travel, meals, and meeting expenses (recoveries)	(544)	1,110
	<u>3,234,542</u>	<u>2,265,665</u>
Excess (shortfall) - revenue over expenses before undernoted	(1,442,428)	(172,720)
Unrealized gain (loss) on equity investments	<u>2,499,300</u>	<u>(5,258,790)</u>
EXCESS (DEFICIENCY) - REVENUE OVER EXPENSES	<u><u>\$1,056,872</u></u>	<u><u>(\$5,431,510)</u></u>

YARMOUTH HOSPITAL FOUNDATION
 STATEMENT OF CHANGES IN NET ASSETS
 Year ended December 31, 2023

	Endowment Fund	Healthcare Enhancement Endowment Fund	Future / Unrestricted Fund	2023	2022 (note 8)
Net assets at beginning of year	\$1,653,632	\$21,453,992	\$9,630,405	\$32,738,029	\$38,169,539
Excess (deficiency)	32,070	621,321	(2,095,819)	(1,442,428)	(172,720)
Unrealized gain (loss) on equity investments	111,256	1,533,429	854,615	2,499,300	(5,258,790)
Endowment contributions received	25,000	-	-	25,000	227,521
Interfund transfers	(9,291)	(998,118)	1,007,409	-	-
NET ASSETS AT END OF YEAR	\$1,812,667	\$22,610,624	\$9,396,610	\$33,819,901	\$32,965,550



YARMOUTH HOSPITAL FOUNDATION
STATEMENT OF CASH FLOW
Year ended December 31, 2023

	2023	2022
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Excess (shortfall) - revenue over expenses	\$1,056,872	(\$5,431,510)
Add back items which do not involve the use of cash:		
Gain on disposition of investments	(52,198)	(189,605)
Unrealized loss (gain) on equity investments	(2,499,300)	5,258,790
	<u>(1,494,626)</u>	<u>(362,325)</u>
Changes in non-cash working capital:		
Accrued interest receivable	459	1,161
HST receivable	4,802	274
Prepaid expenses	(2,796)	(472)
Accounts payable and accrued liabilities	(513)	14,263
Payable to Digby General Hospital	(834)	834
Payable to Shelburne Roseway Hospital	(537)	537
Payable to Nova Scotia Health	1,001,817	734,521
Deferred revenue	30	(930)
	<u>(492,198)</u>	<u>387,863</u>
FINANCING		
Additions to deferred contributions	27,947	35,486
Deferred contributions spent during the year	(8,437)	(24,082)
Endowment contributions received during the year	25,000	227,521
	<u>44,510</u>	<u>238,925</u>
INVESTING		
Additions to investments	(3,059,909)	(5,773,480)
Proceeds received on disposition of investments	3,580,248	5,086,356
	<u>520,339</u>	<u>(687,124)</u>
Increase (decrease) in cash flow	72,651	(60,336)
Cash position at beginning of year	<u>319,605</u>	<u>379,941</u>
CASH POSITION AT END OF YEAR	<u><u>\$392,256</u></u>	<u><u>\$319,605</u></u>

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 Income Tax Act and accordingly, is exempt from income taxes, provided certain requirements of the 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.

Contributions and revenue from net assets resulting from funds internally restricted by the board of directors for endowment purposes are recognized as revenue in the period received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions cannot be made directly to the internally restricted fund by donors; rather, contributions to this fund are made through interfund transfers by the board of directors.

(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) Cash

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

(f) 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)

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

(h) 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, HST receivable, 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.

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.

YARMOUTH HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2023

4. NET ASSETS (continued)

	Endowment Contributions	Internally Restricted	Total 2023	Total 2022
Balance, beginning of year	\$234,691	\$1,418,941	\$1,653,632	\$1,862,572
Excess of realized income over expenses	6,251	25,819	32,070	66,021
Unrealized gain (loss) on disposal of investments	11,203	100,053	111,256	(258,084)
Contributions received	25,000	-	25,000	227,521
Interfund transfer	-	(9,291)	(9,291)	(244,398)
Balance, end of year	\$277,145	\$1,535,522	\$1,812,667	\$1,653,632

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 Southwestern 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

	2023	2022
Connor, Clark and Lunn Private Capital Ltd. managed Equity Funds:		
Fixed Income	\$16,392,176	\$15,596,766
Canadian Equity	8,679,375	8,909,857
Canadian Income Equity	1,416,059	1,429,665
Global Equity	9,624,866	8,300,526
Alternative Investments	854,318	698,821
	<u>\$36,966,794</u>	<u>\$34,935,635</u>

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

Endowment	\$1,357,437	\$1,229,119
Scholarships	455,230	424,513
Future / Unrestricted	11,955,620	11,293,545
Alternative investments	587,885	534,466
Healthcare Enhancement Endowment	22,344,189	21,289,636
Healthcare Enhancement Endowment alternative investments	266,433	164,356
	<u>\$36,966,794</u>	<u>\$34,935,635</u>

During the year investments were drawn by a total of \$1,500,000 to finance current year equipment contributions to Nova Scotia Health. Of this, \$1,000,000 came from Healthcare enhancement endowment investments and \$500,000 came from Future/Unrestricted investments.

YARMOUTH HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2023

6. DEFERRED CONTRIBUTIONS

Unspent externally restricted donations received during the year relate to:

	2023	Additions	Disbursements	2022
Cancer centre	\$37,604	\$18,115	\$ -	\$19,489
Oncology	47,498	160	-	47,338
Palliative care - Digby	3,470	-	-	3,470
Palliative care - YHF	4,671	30	-	4,641
Renal dialysis	44,650	1,145	-	43,505
Veteran's unit	4,379	800	-	3,579
Diagnostic imaging	2,056	-	-	2,056
Scholarships	15,366	5,033	5,000	15,333
Mental health	92,517	2,330	3,437	93,624
Maternal child	3,908	334	-	3,574
Residency program	157	-	-	157
Radiation	750	-	-	750
	<u>\$257,026</u>	<u>\$27,947</u>	<u>\$8,437</u>	<u>\$237,516</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:

Commitments carried forward from prior years:

- \$1,500,000 towards the cost of a \$3,000,000 SPECT-CT

Commitments made for 2024:

- \$107,611 toward four Electrocardiogram Units for Cardiac Investigations Department;
- \$444,625 toward 46 Stretchers for Emergency and Medical Departments;
- \$226,943 toward a Cellavision System for the Laboratory;
- \$111,544 toward a MOLLI System for the Operating Room;
- \$333,288 toward 13 Vital Sign Monitors for Perioperative Services;
- \$194,845 toward five Fetal Heart Monitors for Women and Children's Health;
- \$62,811 toward six Ceiling lifts for Inpatient Unit.

The Foundation has also committed \$60,000 annually to the Yarmouth and Area Chamber of Commerce's Doctor Recruitment Program for the years 2024 and 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 2024, this represents a \$93,198 commitment.

The Foundation has also committed to a 60 month lease with NS Health for 27 multiparameter vital sign monitors, with monthly payments of \$13,120. This lease obligation of \$157,440 annually from 2024 to 2027, totals \$629,760 over the remainder of the lease term.

7. COMMITMENTS (continued)

The Foundation has committed to supporting the REDUCE IT Program, which is working to establish a full time clinic in the Yarmouth Regional Hospital, with the aim of bringing a standardized level of care to all recovering cardiac patients. The Foundation is pursuing the REDUCE IT Program in a subsequent year.

In early 2024, the Nova Scotia Government announced its plan for the redevelopment of the Emergency Department at the Yarmouth Regional Hospital. The Foundation has committed to the support of this project; however, the dollar value of the commitment has not yet been determined. As at the issuance of these financial statements, the Province has not announced the expected cost of the project.

8. PRIOR PERIOD CORRECTION

During the year, it was discovered that donations and fundraising revenues were overstated in 2022, while endowment contributions received were understated. As a result, excess (deficiency) of revenue over expenses was overstated. The comparative figures for the 2022 fiscal year have been restated to reflect these corrections as follows:

	Originally Reported	Correction	2022 Restated
Donations and fundraising	\$829,582	(\$227,521)	\$602,061
Excess (deficiency) - revenue over expenses	(\$5,203,989)	(\$227,521)	(\$5,431,510)
Endowment contributions received	\$ -	\$227,521	\$227,521