

**Cape Breton Regional Hospital  
Foundation  
Financial Statements**  
*December 31, 2022*

To the Chairperson and Members of the Board of Cape Breton Regional Hospital Foundation:

## Qualified Opinion

We have audited the financial statements of Cape Breton Regional Hospital Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, 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 possible 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 December 31, 2022, and its financial performance 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 revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, cash flows from operations for the year ended December 31, 2022, current assets as at December 31, 2022 and fund balances as at December 31, 2022. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the section of our report entitled Auditor's Responsibilities for the Audit of the Financial Statements. 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 qualified opinion.

## 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.

## Auditor's 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 auditor's 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 auditor's 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.

Sydney, Nova Scotia  
April 13, 2023

*MNP LLP*  
Chartered Professional Accountants

**Cape Breton Regional Hospital Foundation**  
**Statement of Financial Position**  
*As at December 31, 2022*

	2022	2021			
	General Fund	Restricted Fund	Endowment Fund	Capital Fund	Total
<b>ASSETS</b>					
Current assets					
Cash	\$ -	\$ 4,750,512	\$ -	\$ -	\$ 4,750,512
Due from general fund	-	-	-	-	-
Due from restricted fund	146,000	812,029	-	-	958,029
Due from endowment fund	177,000	-	-	-	177,000
Investments (note 2)	-	4,736,967	-	-	4,736,967
Accounts receivable (note 3)	35,443	-	-	-	35,443
Prepaid expenses	18,258	-	-	-	18,258
	376,701	10,299,508	-	-	10,676,209
Investments (note 2)	-	-	6,715,299	-	6,715,299
	<b>\$ 376,701</b>	<b>\$ 10,299,508</b>	<b>\$ 6,715,299</b>	<b>\$ -</b>	<b>\$ 17,391,508</b>
					<b>\$ 16,814,662</b>

**LIABILITIES**

Current liabilities					
Accounts payable and accrued liabilities (note 5)	\$ 103,427	\$ -	\$ -	\$ -	\$ 103,427
Due to general fund	-	177,000	146,000	-	323,000
Due to restricted fund	-	-	812,029	-	812,029
Deferred revenue	127	-	-	-	127
Due to Nova Scotia Health	-	77,866	-	-	77,866
	103,554	254,866	958,029	-	1,316,449
					996,875

**FUND BALANCES**

Unrestricted	273,147	-	-	-	273,147
Restricted (note 6)	-	10,044,642	-	-	10,044,642
Endowment	-	-	5,757,270	-	5,757,270
	273,147	10,044,642	5,757,270	-	16,075,059
					97,349
					8,801,301
					6,919,137
					15,817,787
	<b>\$ 376,701</b>	<b>\$ 10,299,508</b>	<b>\$ 6,715,299</b>	<b>\$ -</b>	<b>\$ 17,391,508</b>
					<b>\$ 16,814,662</b>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Cape Breton Regional Hospital Foundation**  
**Statement of Operations**  
*For the year ended December 31, 2022*

	2022					2021				
	General Fund	Restricted Fund	Endowment Fund	Capital Fund	Total	General Fund	Restricted Fund	Endowment Fund	Capital Fund	Total
<b>DONATIONS AND EVENT REVENUE</b>										
Annual campaign	\$ 160,729	\$ 1,342,951	\$ -	\$ -	\$ 1,503,680	\$ 197,271	\$ 1,130,391	\$ -	\$ -	\$ 1,327,662
Planned and major gifts	10,000	2,308,195	-	-	2,318,195	67,686	1,401,768	-	-	1,469,454
Special events, net of direct expenses (note 8)	130,572	70,286	-	-	200,858	113,749	17,104	-	-	130,853
	301,301	3,721,432	-	-	4,022,733	378,706	2,549,263	-	-	2,927,969
<b>EXPENSES</b>										
Fundraising										
Direct expenses	273,689	271,239	-	-	544,928	267,735	199,724	-	-	467,459
Administrative										
Administration	462,514	-	-	-	462,514	373,551	296	-	-	373,847
Amortization	-	-	-	-	-	-	-	-	549	549
	736,203	271,239	-	-	1,007,442	641,286	200,020	-	549	841,855
Appropriations on behalf of Nova Scotia Health										
Patient care/support	-	830,125	-	-	830,125	11,408	636,507	-	-	647,915
Equipment	21,229	555,097	-	-	576,326	31,985	127,885	-	-	159,870
Facility enhancements	-	-	-	-	-	-	9,499	-	-	9,499
	21,229	1,385,222	-	-	1,406,451	43,393	773,891	-	-	817,284
Appropriations to other organizations	-	150,000	-	-	150,000	-	5,000	-	-	5,000
	757,432	1,806,461	-	-	2,563,893	684,679	978,911	-	549	1,664,139
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE UNDERNOTED</b>	(456,131)	1,914,971	-	-	1,458,840	(305,973)	1,570,352	-	(549)	1,263,830
<b>INVESTMENT INCOME (LOSS)</b>										
Interest, dividends and foreign exchange	-	209,608	183,489	-	393,097	-	247,701	341,100	-	588,801
Gain (loss) on sale of investments	-	(31,941)	(37,060)	-	(69,001)	-	763,092	1,146,197	-	1,909,289
Unrealized loss from change in fair market value of investments	-	(672,297)	(853,367)	-	(1,525,664)	-	(114,503)	(359,148)	-	(473,651)
	-	(494,630)	(706,938)	-	(1,201,568)	-	896,290	1,128,149	-	2,024,439
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	\$ (456,131)	\$ 1,420,341	\$ (706,938)	\$ -	\$ 257,272	\$ (305,973)	\$ 2,466,642	\$ 1,128,149	\$ (549)	\$ 3,288,269

See accompanying notes to financial statements.

**Cape Breton Regional Hospital Foundation**  
**Statement of Changes in Fund Balances**  
*For the year ended December 31, 2022*

	2022					2021			
	General Fund	Restricted Fund	Endowment Fund	Capital Fund	Total	General Fund	Endowment Fund	Capital Fund	Total
<b>FUND BALANCE, BEGINNING OF YEAR</b>	\$ 97,349	\$ 8,801,301	\$ 6,919,137	\$ -	\$ 15,817,787	\$ (361,601)	\$ 6,601,481	\$ 549	\$ 12,529,518
Excess (deficiency) of revenues over expenses	(456,131)	1,420,341	(706,938)	-	257,272	(305,973)	2,466,642	(549)	3,288,269
Interfund transfers	631,929	(177,000)	(454,929)	-	-	764,923	(266,822)	-	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 273,147	\$ 10,044,642	\$ 5,757,270	\$ -	\$ 16,075,059	\$ 97,349	\$ 8,801,301	\$ -	\$ 15,817,787

See accompanying notes to financial statements.

**Cape Breton Regional Hospital Foundation**  
**Statement of Cash Flows**

*For the year ended December 31, 2022*

	2022	2021
<b>CASH FLOW FROM OPERATIONS</b>		
Excess of revenues over expenses	\$ 257,272	\$ 3,288,269
Items not involving cash		
Amortization	–	549
Loss (gain) on sale of investments	69,001	(1,909,289)
Unrealized loss from change in fair market value of investments	1,525,664	473,651
Change in non-cash operating working capital		
Accounts receivables	1,078	23,796
Prepaid expenses	(4,071)	7,166
Accounts payable and accrued liabilities	49,429	(13,770)
Deferred revenue	(1,681)	67
Due to Nova Scotia Health	40,550	(25,484)
	1,937,242	1,844,955
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Change in investments	(349,812)	(1,105,964)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,587,430	738,991
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	3,163,082	2,424,091
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 4,750,512	\$ 3,163,082

See accompanying notes to financial statements.

# Cape Breton Regional Hospital Foundation

## Notes to Financial Statements

*For the year ended December 31, 2022*

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The Foundation is incorporated under the Societies Act of the Province of Nova Scotia. The principal activity is to raise funds to assist in the construction of and the supply of certain equipment and services for Nova Scotia Health. The Foundation is a registered charity and is exempt from income taxes.

### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### (a) Basis of presentation

The Foundation follows the restricted fund method of accounting. The following is a description of the nature and purpose of each fund:

##### (i) General fund

The general fund reports all the remaining residual activities of the Foundation and consists principally of the assets, liabilities, revenues and expenses associated with the core operations of the Foundation. Revenue includes contribution for which a specific purpose has not been designated by the donor.

##### (ii) Restricted fund

The restricted fund reports all designated assets, liabilities, revenues and expenses associated with specific purpose activities of the Foundation. Revenue includes contributions which have been restricted for a specific purpose by the donor. Contributions that have been restricted internally by the Foundation from undesignated contributions are recorded as an interfund transfer.

##### (iii) Endowment fund

The endowment fund reports assets, liabilities, revenues and expenses related to contributions for which the donor specifies that the Board of Directors designates funds to be maintained permanently.

##### (iv) Capital fund

The capital fund reports the assets, liabilities, revenues and expenses related to the Foundation's capital assets. Where appropriate, amortization is recorded in the fund where the asset is significantly used.

#### (b) Cash and cash equivalents

Cash and cash equivalents is comprised of cash on hand, cash in bank accounts and the cash component of marketable securities held in the restricted fund.

**Cape Breton Regional Hospital Foundation**  
**Notes to Financial Statements**  
*For the year ended December 31, 2022*

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**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(c) Revenue recognition

Unrestricted contributions are recognized as revenue of the general fund when received. Contributions that have been internally restricted by the Foundation are reported in the specific fund by way of an interfund transfer.

Externally restricted contributions are recognized as revenue in the restricted fund when received. Contributions are considered restricted when designated by the donor or when received on behalf of a specific campaign.

Endowment contributions are recognized as revenue in the endowment fund when received.

Pledged contributions are recorded when cash is received.

Income earned on externally restricted assets is reported in the specific restricted fund and income earned on the endowment fund is reported in the endowment fund.

Revenue from special events is recognized when the services are provided or the goods sold.

(d) Contributed services

The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements. Contributions of materials and services that would not have otherwise purchased in the normal course of the Foundation's operations are not recognized in the financial statements.

(e) Government assistance

Government assistance are recognized initially at fair value when there is reasonable assurance that it will be received, and the Foundation will comply with the conditions associated with the grant or subsidy. Government assistance related to profit or loss are presented as part of the Foundation's statements of operations as a reduction of the related expense.

(f) 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 investments. These are subsequently measured at fair market value with any changes recorded on the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.

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

**Cape Breton Regional Hospital Foundation**  
**Notes to Financial Statements**  
*For the year ended December 31, 2022*

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**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impairment**

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. A 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 the reversal is recognized in income.

Unless otherwise noted, the Foundation is not subject to significant credit, market or liquidity risks arising from these instruments.

(g) Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Equipment and fixtures	Declining balance	20%
Leaseholds	Straight line	5 years
Furniture	Declining balance	20%

(h) Allocated expenses

In addition to its own administrative duties, the Foundation also engages in fundraising activities. The costs that are directly associated with these activities are included in the expenses of the specific activity. The Foundation also incurs payroll related costs that are common to providing administrative support and fundraising.

The Foundation allocates the payroll related costs for certain individuals who provide services to multiple activities. These payroll related costs are allocated based on management's best estimate of time spent by the individuals on the activities.

(i) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**Cape Breton Regional Hospital Foundation**  
**Notes to Financial Statements**  
*For the year ended December 31, 2022*

**2. INVESTMENTS**

	2022		2021	
	Cost	Fair market value	Cost	Fair market value
Short-term Equities	\$ 5,472,151	\$ 4,736,967	\$ 5,108,887	\$ 5,274,882
Long-term Equities	7,094,290	6,715,299	7,176,732	7,422,237
	<u>\$ 12,566,441</u>	<u>\$ 11,452,266</u>	<u>\$ 12,285,619</u>	<u>\$ 12,697,119</u>

**3. ACCOUNTS RECEIVABLE**

	2022	2021
General Fund		
Harmonized sales tax	\$ 35,291	\$ 30,763
Accrued interest	-	5,637
Other	152	121
	<u>\$ 35,443</u>	<u>\$ 36,521</u>

**4. CAPITAL ASSETS**

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
Equipment and fixtures	\$ 72,485	\$ 72,485	\$ -	\$ -
Leaseholds	23,872	23,872	-	-
Furniture	11,376	11,376	-	-
	<u>\$ 107,733</u>	<u>\$ 107,733</u>	<u>\$ -</u>	<u>\$ -</u>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities includes government remittances payable of \$16,888 (2021 - \$14,028).

**Cape Breton Regional Hospital Foundation**  
**Notes to Financial Statements**  
*For the year ended December 31, 2022*

**6. RESTRICTED FUND BALANCES**

Major categories of the restricted fund balance subject to external restrictions are as follows:

	2022	2021
Restricted funds		
Restricted for Foundation CCPC Fund	\$ 733,236	\$ 805,665
Restricted for cancer treatment	2,462,416	2,750,613
Restricted for Cancer Centre capital campaign	4,401,153	2,337,336
Restricted for pediatrics	223,607	278,480
Restricted for TLC/NICU	379,464	218,599
Restricted for equipment	94,304	273,410
Other restrictions	1,750,462	2,137,198
<b>Total restricted fund balance</b>	<b>\$ 10,044,642</b>	<b>\$ 8,801,301</b>

**7. INVESTMENT IN CAPITAL ASSETS**

(a) Investment in capital assets is calculated as follows:

	2022	2021
Capital assets	\$ –	\$ –

(b) Change in net assets invested in capital assets is calculated as follows:

	2022	2021
Invested in capital assets, beginning of year	\$ –	\$ 549
Net change in investment in capital assets:		
Amortization of capital assets	–	(549)
<b>Invested in capital assets, end of year</b>	<b>\$ –</b>	<b>\$ –</b>

**Cape Breton Regional Hospital Foundation**  
**Notes to Financial Statements**  
*For the year ended December 31, 2022*

**8. SPECIAL EVENTS**

	2022	2021
<b>Revenues</b>		
Festival of the Greens	\$ 175,979	\$ 170,702
Because You Care Cup	31,263	-
Golf tournament	35,402	85,900
Lottery	154,370	-
	<u>397,014</u>	<u>256,602</u>
<b>Expenses</b>		
Festival of the Greens	83,170	56,953
Because You Care Cup	14,611	-
Golf tournament	14,291	68,796
Lottery	84,084	-
	<u>196,156</u>	<u>125,749</u>
<b>Special events net income</b>	<b>\$ 200,858</b>	<b>\$ 130,853</b>

**9. ALLOCATED EXPENSES**

The Foundation has included in fundraising and administrative expenses an allocation of payroll related costs as follows:

	2022	2021
<b>General Fund</b>		
Fundraising	\$ 68,866	\$ 103,623
Administrative	59,529	57,664
<b>Restricted Fund</b>		
Fundraising	214,127	155,832
	<u>\$ 342,522</u>	<u>\$ 317,119</u>

**Cape Breton Regional Hospital Foundation**  
**Notes to Financial Statements**  
*For the year ended December 31, 2022*

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**10. RELATED PARTY TRANSACTIONS**

The Foundation is considered related to the Nova Scotia Health (NSH) due to the nature of the specific purpose of the Foundation.

The following details the primary transactions between the two organizations:

	2022	2021
Transfers on behalf of NSH for patient care/support, equipment and facility enhancements	\$ 1,406,451	\$ 817,284

Transactions are recorded at exchange amount.

In addition to the above transactions, NSH provides office space to the Foundation at no charge.

**11. GOVERNMENT ASSISTANCE**

In response to COVID-19, the Government of Canada implemented the Canadian Emergency Wage Subsidy (“CEWS”) program. The CEWS program offers qualifying organizations government assistance in the form of a payroll subsidy to offset the cost of employees. The payroll subsidy was recognized as an offset to salary expense. For the year ended December 31, 2022 the Foundation recorded \$Nil (2021 – \$75,557) as a reduction to administrative and fundraising costs.

**12. COMMITMENTS**

The Foundation has committed certain restricted funds to fund various needs at the Cape Breton Regional Hospital. At December 31, 2022, these commitments totaled \$1,147,334 (2021 - \$1,512,783).

Effective June 1, 2022, the Foundation entered into a two-year lease extension for office and storage space with Membertou Properties Ltd. Total lease payments are \$2,408 per month for the two-year term of the lease.

**Cape Breton Regional Hospital Foundation**  
**Notes to Financial Statements**  
*For the year ended December 31, 2022*

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**13. FINANCIAL INSTRUMENTS**

The Foundation is exposed to various risks through its financial instruments and includes the following significant risk at December 31, 2022.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Future cash flows of its fixed income investments are dependent on market interest rates.

ii) Other price risk

The Foundation is exposed to fluctuating market values on its equity investments and manages this risk through investing in equities without high risk.

**14. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with current year presentation.