



Financial statements

Cape Breton Regional Hospital Foundation

December 31, 2023

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## Independent auditor's report

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To the Directors 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, 2023, and the statements of operations, changes in net assets 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 Cape Breton Regional Hospital Foundation as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives 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 donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2023 and December 31, 2022, current assets as at December 31, 2023 and December 31, 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2023 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 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 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.

### Other matter

The financial statements of the Foundation for the year ended December 31, 2022 were audited by another auditor who expressed a qualified opinion on those financial statements on April 13, 2023.

### Responsibilities of Management and Those Charged with Governance 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 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.

Membertou, Canada  
April 23, 2024

*Grant Thornton LLP*  
Chartered Professional Accountants



# Cape Breton Regional Hospital Foundation

## Statement of operations

Year ended December 31

2023

2022

	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	\$ 202,480	\$ 1,564,620	\$ -	\$ -	\$ 1,767,100	\$ 160,729	\$ 813,092	\$ -	\$ -	\$ 973,821
Planned and major gifts	475,684	287,976	-	1,356,238	2,119,898	10,000	189,884	-	2,648,170	\$ 2,848,054
Special events (note 8)	325,025	45,283	-	-	370,308	242,645	154,370	-	-	\$ 397,015
	1,003,189	1,897,879	-	1,356,238	4,257,306	413,374	1,157,346	-	2,648,170	4,218,890
<b>Expenses</b>										
Administrative (note 9)	503,462	30,438	-	-	533,900	462,514	-	-	-	462,514
Fundraising (note 9)	391,494	249,180	-	623	641,297	273,689	234,707	-	36,532	544,928
	894,956	279,618	-	623	1,175,197	736,203	234,707	-	36,532	1,007,442
Special events (note 8)	94,189	26,176	-	-	120,365	112,072	84,084	-	-	196,156
<b>Appropriations on behalf of Nova Scotia Health</b>										
Patient care/support	2,471	679,156	-	-	681,627	-	716,265	-	-	716,265
Equipment	-	161,243	-	184,590	345,833	21,230	611,908	-	54,029	687,167
	2,471	840,399	-	184,590	1,027,460	21,230	1,328,173	-	54,029	1,403,432
Appropriations to other organizations	-	-	-	-	-	-	153,020	-	-	153,020
	991,616	1,146,193	-	185,213	2,323,022	889,505	1,799,984	-	90,561	2,760,050
<b>Excess (deficiency) of revenues over expenses before undernoted</b>	11,573	751,686	-	1,171,025	1,934,284	(456,131)	(642,638)	-	2,557,609	1,458,840
<b>Investment income (loss)</b>										
Interest, dividends and foreign exchange	-	321,006	225,132	56,929	603,067	-	249,580	224,441	-	474,021
Investment management fees	-	(28,727)	(43,538)	-	(72,265)	-	(39,972)	(40,952)	-	(80,924)
Gain (loss) on sale of investments	-	(302,940)	(460,808)	-	(763,748)	-	(31,941)	(37,060)	-	(69,001)
Unrealized gain (loss) from change in fair market value of investments	-	612,324	927,983	-	1,540,307	-	(672,297)	(853,367)	-	(1,525,664)
	-	601,663	648,769	56,929	1,307,361	-	(494,630)	(706,938)	-	(1,201,568)
<b>Excess (deficiency) of revenues over expenses</b>	\$ 11,573	\$ 1,353,349	\$ 648,769	\$ 1,227,954	\$ 3,241,645	\$ (456,131)	\$ (1,137,268)	\$ (706,938)	\$ 2,557,609	\$ 257,272

See accompanying notes to the financial statements.

# **Cape Breton Regional Hospital Foundation** **Statement of changes in fund balances**

Year ended December 31

	2023					2022				
	General Fund	Restricted Fund	Endowment Fund	Capital Fund	Total	General Fund	Restricted Fund	Endowment Fund	Capital Fund	Total
Fund balance, beginning of the year	\$ 273,147	\$ 5,012,915	\$ 5,757,270	\$ 5,031,727	\$16,075,059	\$ 97,349	\$ 6,327,183	\$ 6,919,137	\$ 2,474,118	\$15,817,787
Excess (deficiency) of revenues over expenses	11,573	1,353,349	648,769	1,227,954	3,241,645	(456,131)	(1,137,268)	(706,938)	2,557,609	257,272
Interfund transfers	-	-	-	-	-	631,929	(177,000)	(454,929)	-	-
Fund balance, end of year	\$ 284,720	\$ 6,366,264	\$ 6,406,039	\$ 6,259,681	\$19,316,704	\$ 273,147	\$ 5,012,915	\$ 5,757,270	\$ 5,031,727	\$16,075,059

See accompanying notes to the financial statements.

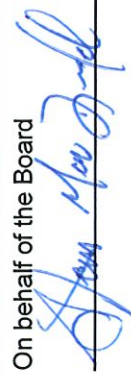
# Cape Breton Regional Hospital Foundation

## Statements of financial position

Year ended December 31

	General Fund	Restricted Fund	Endowment Fund	Capital Fund	2023 Total	2022 Total
<b>Assets</b>						
Current						
Cash	\$ -	\$ 3,258,723	\$ 105,474	\$ -	\$ 3,364,197	\$ 4,750,512
Due from other funds	329,172	-	-	3,137,693	3,466,865	1,135,029
Investments (Note 3)	-	6,161,456	-	3,121,988	9,283,444	4,151,027
Receivables (Note 4)	34,753	-	-	-	34,753	35,443
Prepays	22,256	-	-	-	22,256	18,258
	<u>386,181</u>	<u>9,420,179</u>	<u>105,474</u>	<u>6,259,681</u>	<u>16,171,515</u>	<u>10,090,269</u>
Investments (Note 3)	-	-	6,791,790	-	6,791,790	7,301,239
	<u>\$ 386,181</u>	<u>\$ 9,420,179</u>	<u>\$ 6,897,264</u>	<u>\$ 6,259,681</u>	<u>\$22,963,305</u>	<u>\$17,391,508</u>
<b>Liabilities</b>						
Current						
Payables and accruals (Note 6)	\$ 101,042	\$ -	\$ -	\$ -	\$ 101,042	\$ 103,427
Due to other funds	-	2,975,640	491,225	-	3,466,865	1,135,029
Deferred revenue	419	-	-	-	419	127
Due to Nova Scotia Health	-	78,275	-	-	78,275	77,866
	<u>101,461</u>	<u>3,053,915</u>	<u>491,225</u>	<u>-</u>	<u>3,646,601</u>	<u>1,316,449</u>
<b>Fund balances</b>						
General	284,720	-	-	-	284,720	273,147
Restricted (Note 7)	-	6,366,264	-	-	6,366,264	5,012,915
Endowment	-	-	6,406,039	-	6,406,039	5,757,270
Capital	-	-	-	6,259,681	6,259,681	5,031,727
	<u>284,720</u>	<u>6,366,264</u>	<u>6,406,039</u>	<u>6,259,681</u>	<u>19,316,704</u>	<u>16,075,059</u>
	<u>\$ 386,181</u>	<u>\$ 9,420,179</u>	<u>\$ 6,897,264</u>	<u>\$ 6,259,681</u>	<u>\$22,963,305</u>	<u>\$17,391,508</u>

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

## Cape Breton Regional Hospital Foundation

### Statements of cash flows

Year ended December 31	2023	2022
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess of revenue over expenditures	\$ 3,241,646	\$ 257,272
Loss on sale of investments	763,748	69,001
Unrealized loss (gain) from change in fair market		
Value of investments	<u>(1,540,307)</u>	<u>1,525,664</u>
	2,465,086	1,851,937
Change in non-cash operating working capital		
Receivables	690	1,078
Prepays	(3,998)	(4,071)
Payables and accruals	(2,385)	49,429
Deferred revenue	292	(1,681)
Due to Nova Scotia Health	<u>409</u>	<u>40,550</u>
	2,460,095	1,937,242
<b>Investing</b>		
Change in investments	<u>(3,846,410)</u>	<u>(349,812)</u>
Net increase (decrease) in cash and cash equivalents	(1,386,315)	1,587,430
Cash and cash equivalents, beginning of year	<u>4,750,512</u>	<u>3,163,082</u>
Cash and cash equivalents, end of year	<u>\$ 3,364,197</u>	<u>\$ 4,750,512</u>

See accompanying notes to the financial statements.



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# **Cape Breton Regional Hospital Foundation**

## **Notes to the financial statements**

December 31, 2023

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### **1. Nature of operations**

Cape Breton Regional Hospital Foundation is a registered charity, incorporated under the Societies Act of the Province of Nova Scotia. The principal activity of the Foundation is to raise funds to assist in the construction of and the supply of certain equipment and services for Nova Scotia Health. The Foundation's registered charity status makes it exempt for income tax purposes.

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### **2. Summary of significant accounting policies**

#### **Basis of presentation**

Cape Breton Regional Hospital Foundation has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organization (ASNPO).

#### **Cash and cash equivalents**

Cash and cash equivalents are defined as cash on hand and balances with banks and the cash component of marketable securities held in the restricted fund.

#### **Revenue recognition**

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the amount is received. Contributions are considered restricted when designated by the donor or when received on behalf of a special campaign.

Unrestricted contributions are recognized as revenue of the appropriate fund when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Pledged contributions are recorded when cash is received.

Interest and dividend income are recognized as earned.

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 are sold.

#### **Investments**

Investments are classified as available for sale and stated at fair value. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the statement of operations.

Fair values of investments are determined as follows:

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# Cape Breton Regional Hospital Foundation

## Notes to the financial statements

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December 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### Investments (continued)

Fixed income securities and equities are valued at year-end quoted market prices where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities. Guaranteed investment certificates and temporary investments maturing within a year are stated at cost which together with accrued interest income approximates fair value given the short-term nature of these investments.

#### Contributed services

A substantial number of volunteers contribute a significant amount of their time each year to the Foundation. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements. Contributions of materials and services that would not have otherwise been purchased in the normal course of the Foundation's operations are not recognized in the financial statements.

#### 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 at the date of the financial statements and reporting amounts of revenue and expenses during the period. Actual results could differ from these estimates.

#### Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Rates and bases of depreciation applied to write off the cost of property and equipment over their estimated lives are as follows:

Equipment and fixtures	20%, declining balance
Furniture	20%, declining balance
Leaseholds	5 years, straight line

#### Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

The general fund accounts for 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.

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.

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.



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## Cape Breton Regional Hospital Foundation

### Notes to the financial statements

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December 31, 2023

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#### 2. Summary of significant accounting policies (continued)

##### Fund accounting (continued)

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.

##### Financial instruments

###### *Initial measurement*

The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to the financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

###### *Subsequent measurement*

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets) except for equities quoted in an active market, which are measured at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market are recorded in the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables and payables and accruals.

For financial assets measured at cost or amortized cost, the Foundation regularly assess whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

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3. Investments	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair market value</u>	<u>Cost</u>	<u>Fair market value</u>
Short-term equities	\$ 9,210,082	\$ 9,283,443	\$4,719,495	\$4,151,027
Long-term equities	<u>6,767,733</u>	<u>6,791,791</u>	<u>8,347,726</u>	<u>7,301,239</u>
	<u>\$15,977,815</u>	<u>\$16,075,234</u>	<u>\$ 13,067,221</u>	<u>\$ 11,452,266</u>

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# Cape Breton Regional Hospital Foundation

## Notes to the financial statements

December 31, 2023

4. Receivables	2023	2022
Commodity taxes	\$ 34,753	\$ 35,291
Other	-	152
	<u>\$ 34,753</u>	<u>\$ 35,443</u>

5. Property and equipment		2023		2022	
	Cost	Accumulated depreciation	Net book value		Net book value
Equipment and fixtures	\$ 72,485	\$ 72,485	\$ -	\$	-
Leaseholds	23,872	23,872	-		-
Furniture	<u>11,376</u>	<u>11,376</u>	<u>-</u>		<u>-</u>
	\$ 107,733	\$ 107,733	\$ -	\$	-

### 6. Payables and accruals

Included in accounts payables and accrued liabilities for 2023 is \$15,152 (2022 - \$16,888) for government remittances.

### 7. Restricted fund balances

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

	2023	2022
Restricted funds		
Restricted for Foundation CCPC fund	\$ 507,445	\$ 595,926
Restricted for cancer treatment	2,231,298	2,223,512
Restricted for pediatrics	270,925	206,074
Restricted for TLC/NICU	594,312	376,523
Restricted for equipment	72,171	62,922
Restricted for mental health	1,043,806	901,064
Restricted for Calebs Courage	663,868	322,319
Restricted for gynaecology oncology	235,778	91,169
Other restrictions	<u>746,651</u>	<u>233,406</u>
	<u>\$ 6,366,254</u>	<u>\$ 5,012,915</u>



## Cape Breton Regional Hospital Foundation

### Notes to the financial statements

December 31, 2023

8. Special events	<u>2023</u>	<u>2022</u>
Revenues		
Festival of the Greens	\$ 310,608	\$ 175,979
Because You Care Cup	15,370	31,263
Golf Tournament	44,330	35,402
Lottery	-	154,370
	<u>370,308</u>	<u>397,014</u>
Expenses		
Festival of the Greens	107,268	83,170
Because You Care Cup	218	14,611
Golf Tournament	12,795	14,291
Lottery	84	84,084
	<u>120,365</u>	<u>196,156</u>
	<u>\$ 249,943</u>	<u>\$ 200,858</u>

9. Expenses by object	<u>2023</u>	<u>2022</u>
Advertising	\$ 26,567	\$ 20,638
Bank charges	28,578	21,405
Computer	49,580	56,021
Donor communications	35,363	35,873
Lease	36,127	35,683
Office	28,284	30,472
Other administration	51,317	21,398
Other fundraising	110,149	108,297
Professional dues and development	22,934	14,635
Professional fees	48,260	18,302
Wages	<u>738,038</u>	<u>644,718</u>
	<u>\$ 1,175,197</u>	<u>\$ 1,007,442</u>

#### 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. These transactions are recorded at exchange amount.

The following details the primary transactions between the two organizations:

	<u>2023</u>	<u>2022</u>
Transfers on behalf of NSH for patient care/support,		
Equipment and facility enhancements	<u>\$ 1,027,460</u>	<u>\$ 1,406,451</u>

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

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## **Cape Breton Regional Hospital Foundation**

### **Notes to the financial statements**

December 31, 2023

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#### **11. Commitments**

The Foundation has previously committed certain restricted funds to fund various needs at the Cape Breton Regional Hospital. As at December 31, 2023, these commitments totaled \$1,816,629 (2022 - \$1,147,334).

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.

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#### **12. Comparative figures**

Certain of the 2022 figures have been reclassified to conform with financial statement presentation adopted for 2023.

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#### **13. Financial instruments**

The Foundation is exposed to various risks through its financial instruments and includes the following significant risks at December 31, 2023:

##### Interest rate risk

Interest rate risk is the risk that the market value of the Foundation's investments will fluctuate due to changes in market interest rates. The value of the Foundation's assets is affected by short-term changes in nominal interest rates and equity markets. To mitigate this risk, the Foundation invests its portfolio primarily in income producing instruments including cash and equity investments, with modest exposure to capital gain-oriented instruments.

##### Market risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting all similar financial instruments traded in the market. As all of the Foundation's investments are carried at fair value with fair value changes recognized in the statements of operations, all changes in market conditions will directly result in an increase (decrease) in excess of revenue over expenditures.

##### Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Foundation is exposed to this risk mainly in its receivables. There was no significant change in exposure from the prior year. In the opinion of management, the credit risk exposure to the Foundation is low and is not material.

##### Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its payables and accruals. There was no significant change in exposure from the prior year. In the opinion of management, the liquidity risk exposure to the Foundation is low and is not material.

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