

Financial statements

Cape Breton Regional Hospital Foundation

December 31, 2024

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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, 2024, 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, 2024, 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, 2024 and December 31, 2023, current assets as at December 31, 2024 and December 31, 2023, and net assets as at January 1 and December 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended December 31, 2024 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.

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

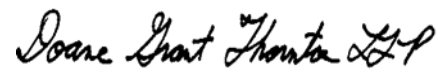
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee 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
May 5, 2025


Chartered Professional Accountants

Cape Breton Regional Hospital Foundation

Statement of operations

Year ended December 31

2024

2023

	General Fund	Restricted Fund	Endowment Fund	Capital Fund	Total	General Fund	Restricted Fund	Endowment Fund	Capital Fund	Total
Donations and Event Revenue										
Annual campaign	\$ 170,411	\$ 1,712,524	\$ -	\$ -	\$ 1,882,935	\$ 202,480	\$ 1,564,620	\$ -	\$ -	\$ 1,767,100
Planned and major gifts	431,417	359,080	-	1,523,426	2,313,923	475,684	287,976	-	1,356,238	\$ 2,119,898
Special events (note 7)	297,139	1,000	-	-	298,139	325,025	45,283	-	-	\$ 370,308
	<u>898,967</u>	<u>2,072,604</u>	<u>-</u>	<u>1,523,426</u>	<u>4,494,997</u>	<u>1,003,189</u>	<u>1,897,879</u>	<u>-</u>	<u>1,356,238</u>	<u>4,257,306</u>
Expenses										
Administrative (note 8)	524,782	4,347	-	-	529,129	503,462	30,438	-	-	533,900
Fundraising (note 8)	270,092	305,543	-	21,577	597,212	391,494	249,180	-	623	641,297
	<u>794,874</u>	<u>309,890</u>	<u>-</u>	<u>21,577</u>	<u>1,126,341</u>	<u>894,956</u>	<u>279,618</u>	<u>-</u>	<u>623</u>	<u>1,175,197</u>
Special events (note 7)	119,714	-	-	-	119,714	94,189	26,176	-	-	120,365
Appropriations on behalf of Nova Scotia Health										
Patient care/support	274	673,096	-	-	673,370	2,471	679,156	-	-	681,627
Equipment	-	202,041	-	1,120,496	1,322,537	-	161,243	-	184,590	345,833
	<u>274</u>	<u>875,137</u>	<u>-</u>	<u>1,120,496</u>	<u>1,995,907</u>	<u>2,471</u>	<u>840,399</u>	<u>-</u>	<u>184,590</u>	<u>1,027,460</u>
Appropriations to other organizations	-	11,373	-	-	11,373	-	-	-	-	-
	<u>914,862</u>	<u>1,196,400</u>	<u>-</u>	<u>1,142,073</u>	<u>3,253,335</u>	<u>991,616</u>	<u>1,146,193</u>	<u>-</u>	<u>185,213</u>	<u>2,323,022</u>
Excess (deficiency) of revenues over expenses before undernoted	(15,895)	876,204	-	381,353	1,241,662	11,573	751,686	-	1,171,025	1,934,284
Investment income (loss)										
Investment income	16,422	521,740	479,554	208,779	1,226,495	-	18,066	(235,676)	56,929	(160,681)
Investment management fees	-	(33,977)	(52,990)	-	(86,967)	-	(28,727)	(43,538)	-	(72,265)
Unrealized gain (loss) from change in fair market value of investments	-	244,078	374,301	-	618,379	-	612,324	927,983	-	1,540,307
	<u>16,422</u>	<u>731,841</u>	<u>800,865</u>	<u>208,779</u>	<u>1,757,907</u>	<u>-</u>	<u>601,663</u>	<u>648,769</u>	<u>56,929</u>	<u>1,307,361</u>
Excess (deficiency) of revenues over expenses	<u>\$ 527</u>	<u>\$ 1,608,045</u>	<u>\$ 800,865</u>	<u>\$ 590,132</u>	<u>\$ 2,999,569</u>	<u>\$ 11,573</u>	<u>\$ 1,353,349</u>	<u>\$ 648,769</u>	<u>\$ 1,227,954</u>	<u>\$ 3,241,645</u>

See accompanying notes to the financial statements.

Cape Breton Regional Hospital Foundation

Statement of changes in fund balances

Year ended December 31

2024

2023

	<u>General Fund</u>	<u>Restricted Fund</u>	<u>Endowment Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>General Fund</u>	<u>Restricted Fund</u>	<u>Endowment Fund</u>	<u>Capital Fund</u>	<u>Total</u>
Fund balance, beginning of the 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
Excess (deficiency) of revenues over expenses	527	1,608,045	800,865	590,132	2,999,569	11,573	1,353,349	648,769	1,227,954	3,241,645
Interfund transfers	960,000	(705,000)	(255,000)	-	-				-	-
Fund balance, end of year	<u>\$ 1,245,247</u>	<u>\$ 7,269,309</u>	<u>\$ 6,951,904</u>	<u>\$ 6,849,813</u>	<u>\$22,316,273</u>	<u>\$ 284,720</u>	<u>\$ 6,366,264</u>	<u>\$ 6,406,039</u>	<u>\$ 6,259,681</u>	<u>\$19,316,704</u>

See accompanying notes to the financial statements.

Cape Breton Regional Hospital Foundation

Statements of financial position

Year ended December 31

	<u>General Fund</u>	<u>Restricted Fund</u>	<u>Endowment Fund</u>	<u>Capital Fund</u>	<u>2024 Total</u>	<u>2023 Total</u>
Assets						
Current						
Cash	\$ 1,023,846	\$ 994,110	\$ 4,074	\$ -	\$ 2,022,030	\$ 3,364,197
Due from other funds	236,712	-	-	835,906	1,072,618	3,466,865
Investments (Note 3)	-	6,601,592	-	6,013,907	12,615,499	9,283,444
Commodity tax receivable	36,083	-	-	-	36,083	34,753
Prepays	22,492	-	-	-	22,492	22,256
	<u>1,319,133</u>	<u>7,595,702</u>	<u>4,074</u>	<u>6,849,813</u>	<u>15,768,722</u>	<u>16,171,515</u>
Investments (Note 3)	-	-	7,694,055	-	7,694,055	6,791,790
	<u>\$ 1,319,133</u>	<u>\$ 7,595,702</u>	<u>\$ 7,698,129</u>	<u>\$ 6,849,813</u>	<u>\$23,462,777</u>	<u>\$22,963,305</u>
Liabilities						
Current						
Payables and accruals (Note 5)	\$ 72,690	\$ -	\$ -	\$ -	\$ 72,690	\$ 101,042
Due to other funds	-	326,393	746,225	-	1,072,618	3,466,865
Deferred revenue	1,196	-	-	-	1,196	419
Due to Nova Scotia Health	-	-	-	-	-	78,275
	<u>73,886</u>	<u>326,393</u>	<u>746,225</u>	<u>-</u>	<u>1,146,504</u>	<u>3,646,601</u>
Fund balances						
General	1,245,247	-	-	-	1,245,247	284,720
Restricted (Note 6)	-	7,269,309	-	-	7,269,309	6,366,264
Endowment	-	-	6,951,904	-	6,951,904	6,406,039
Capital	-	-	-	6,849,813	6,849,813	6,259,681
	<u>1,245,247</u>	<u>7,269,309</u>	<u>6,951,904</u>	<u>6,849,813</u>	<u>22,316,273</u>	<u>19,316,704</u>
	<u>\$ 1,319,133</u>	<u>\$ 7,595,702</u>	<u>\$ 7,698,129</u>	<u>\$ 6,849,813</u>	<u>\$23,462,777</u>	<u>\$22,963,305</u>

On behalf of the Board

DocuSigned by:

Brian Purchase

6D278DD9179A415...

Director

Signed by:

Kiki Kochapanas

017E464B641A469...

Director

See accompanying notes to the financial statements.

Cape Breton Regional Hospital Foundation

Statements of cash flows

Year ended December 31

2024

2023

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenditures	\$ 2,999,569	\$ 3,241,645
Unrealized gain from change in fair market		
Value of investments	<u>(618,379)</u>	<u>(1,540,307)</u>
	2,381,190	1,701,338

Change in non-cash operating working capital

Receivables	(1,330)	690
Prepays	(236)	(3,998)
Payables and accruals	(28,352)	(2,385)
Deferred revenue	(777)	292
Due to Nova Scotia Health	<u>(78,275)</u>	<u>409</u>
	2,272,220	1,696,346

Investing

Change in investments	<u>(930,053)</u>	<u>(3,082,662)</u>
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Net increase (decrease) in cash and cash equivalents (1,342,167) (1,386,316)

Cash and cash equivalents, beginning of year 3,364,197 4,750,512

Cash and cash equivalents, end of year \$ 2,022,030 \$ 3,364,197

See accompanying notes to the financial statements.

Cape Breton Regional Hospital Foundation

Notes to the financial statements

December 31, 2024

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.

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:

Cape Breton Regional Hospital Foundation

Notes to the financial statements

December 31, 2024

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.

Cape Breton Regional Hospital Foundation

Notes to the financial statements

December 31, 2024

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 fundraising campaign.

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.

3. Investments	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair market value</u>	<u>Cost</u>	<u>Fair market value</u>
Short-term equities	\$12,298,059	\$12,615,498	\$9,210,082	\$9,283,443
Long-term equities	<u>7,295,697</u>	<u>7,694,056</u>	<u>6,767,733</u>	<u>6,791,791</u>
	<u>\$19,593,756</u>	<u>\$20,309,554</u>	<u>\$ 15,977,815</u>	<u>\$ 16,075,234</u>

Cape Breton Regional Hospital Foundation

Notes to the financial statements

December 31, 2024

4. Property and equipment		<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>		<u>Net book value</u>
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>	
	<u>\$ 107,733</u>	<u>\$ 107,733</u>	<u>\$ -</u>	<u>\$ -</u>	

5. Payables and accruals

Included in accounts payables and accrued liabilities for 2024 is \$14,725 (2023 - \$15,152) for government remittances.

6. Restricted fund balances

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

	<u>2024</u>	<u>2023</u>
Restricted funds		
Restricted for Foundation CCPC fund	\$ 630,486	\$ 507,445
Restricted for cancer treatment	2,298,706	2,231,298
Restricted for paediatrics	384,569	270,925
Restricted for TLC/NICU	744,918	594,312
Restricted for equipment	76,022	72,171
Restricted for mental health	1,008,405	1,043,806
Restricted for Calebs Courage	874,182	663,868
Restricted for gynaecology oncology	367,868	235,778
Other restrictions	<u>884,153</u>	<u>746,651</u>
	<u>\$ 7,269,309</u>	<u>\$ 6,366,254</u>

Cape Breton Regional Hospital Foundation

Notes to the financial statements

December 31, 2024

7. Special events	<u>2024</u>	<u>2023</u>
Revenues		
Festival of the Greens	\$ 240,281	\$ 310,608
Because You Care Cup	-	15,370
Golf Tournament	57,858	44,330
Lottery	-	-
	<u>298,139</u>	<u>370,308</u>
Expenses		
Festival of the Greens	99,875	107,268
Because You Care Cup	-	218
Golf Tournament	19,839	12,795
Lottery	-	84
	<u>119,714</u>	<u>120,365</u>
	<u>\$ 178,425</u>	<u>\$ 249,943</u>

8. Expenses by object	<u>2024</u>	<u>2023</u>
Advertising	\$ 31,129	\$ 26,567
Bank charges	25,358	28,578
Computer	66,303	49,580
Donor communications	22,311	35,363
Lease	34,618	36,127
Office	29,328	28,284
Other administration	20,759	51,317
Other fundraising	121,058	110,149
Professional dues and development	15,630	22,934
Professional fees	32,202	48,260
Wages	<u>727,645</u>	<u>738,038</u>
	<u>\$ 1,126,341</u>	<u>\$ 1,175,197</u>

Cape Breton Regional Hospital Foundation

Notes to the financial statements

December 31, 2024

9. 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>2024</u>	<u>2023</u>
Transfers on behalf of NSH for patient care/support,		
Equipment and facility enhancements	\$ 1,308,948	\$ 1,027,460
Patient support	636,468	-
Education	<u>66,211</u>	<u>-</u>
	<u>\$ 2,011,627</u>	<u>\$ 1,027,460</u>

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

10. Commitments

The Foundation has previously committed certain restricted funds to fund various needs at the Cape Breton Regional Hospital. As at December 31, 2024, these commitments totaled \$1,286,468 (2023 - \$1,816,629). The Foundation is also committed to funding capital asset purchases at the Cape Breton Regional Hospital through its capital campaign fund. As at December 31, 2024, these commitments totaled \$6,849,813 (2023 - \$6,259,681).

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 the financial statements

December 31, 2024

11. Financial instruments

The Foundation is exposed to various risks through its financial instruments and includes the following significant risks at December 31, 2024:

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.
