

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

Financial Statements

Year Ended March 31, 2015

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.
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Year Ended March 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Sackville Memorial Hospital Foundation Inc.

We have audited the accompanying financial statements of Sackville Memorial Hospital Foundation Inc., which comprise the statement of financial position as at March 31, 2015 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2015 and 2014, current assets as at March 31, 2015 and 2014, and net assets at April 1 and March 31 for both 2015 and 2014. Our audit opinion on the financial statements for the year ended March 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

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Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Sackville Memorial Hospital Foundation Inc. as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Amherst, Nova Scotia
June 10, 2015

CHARTERED ACCOUNTANTS

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

Statement of Financial Position

March 31, 2015

	General Fund 2015	Endowment Fund 2015	Total 2015	Total 2014
ASSETS				
CURRENT				
Cash	\$ 121,593	\$ -	\$ 121,593	\$ 564,278
Short term investments (Note 3)	477,973	100,000	577,973	179,186
Accounts receivable (Note 4)	11,450	-	11,450	13,181
Prepaid expenses	3,408	-	3,408	3,630
	614,424	100,000	714,424	760,275
RESTRICTED CASH (Note 5)	-	23,637	23,637	23,637
LONG TERM INVESTMENTS (Note 3)	31,553	616,761	648,314	563,781
LONG TERM RECEIVABLE (Note 6)	10,520	-	10,520	14,126
LAND, BUILDING AND EQUIPMENT (Note 7)	299,726	-	299,726	317,792
DUE BETWEEN FUNDS	40,088	(40,088)	-	-
	\$ 996,311	\$ 700,310	\$ 1,696,621	\$ 1,679,611
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accrued liabilities (Note 8)	\$ 38,703	\$ -	\$ 38,703	\$ 28,735
Deferred donations (Note 9)	61,922	-	61,922	171,203
Unearned rent revenue	2,000	-	2,000	1,960
	102,625	-	102,625	201,898
NET ASSETS				
General fund	593,960	-	593,960	459,612
Invested in capital assets	299,726	-	299,726	317,791
Externally restricted net assets	-	23,637	23,637	23,637
Internally restricted net assets	-	676,673	676,673	676,673
	893,686	700,310	1,593,996	1,477,713
	\$ 996,311	\$ 700,310	\$ 1,696,621	\$ 1,679,611

COMMITMENTS (Note 10)

CONTRACTUAL OBLIGATIONS (Note 11)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

Statement of Revenues and Expenditures

Year Ended March 31, 2015

	General Fund 2015	Endowment Fund 2015	Total 2015	Total 2014
REVENUE				
Restricted contributions (Note 9)	\$ 211,023	\$ -	\$ 211,023	\$ 83,433
Unrestricted contributions	53,895	-	53,895	19,627
Government contributions	20,000	-	20,000	20,000
Investment income	28,554	-	28,554	29,455
Unrealized gains on investments	55,264	-	55,264	42,481
	<u>368,736</u>	<u>-</u>	<u>368,736</u>	<u>194,996</u>
EXPENSES				
Administrative services	6,388	-	6,388	9,440
Charitable expenditures (Note 12)	221,288	-	221,288	80,933
Communication	6,424	-	6,424	2,632
Foundation Focus newsletter	4,037	-	4,037	2,246
Fundraising expenses	2,850	-	2,850	8,129
Interest and bank charges	2,587	-	2,587	2,407
Liability insurance	1,147	-	1,147	1,137
Office supplies	85	-	85	260
Professional fees	6,271	-	6,271	6,856
	<u>251,077</u>	<u>-</u>	<u>251,077</u>	<u>114,040</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>117,659</u>	<u>-</u>	<u>117,659</u>	<u>80,956</u>
TANTRAMAR COMMUNITY HEALTH CENTRE				
Rental income	93,030	-	93,030	96,140
Amortization	(18,065)	-	(18,065)	(18,067)
Insurance	(2,781)	-	(2,781)	(2,413)
Interest and bank charges	(533)	-	(533)	(659)
Miscellaneous	(6,654)	-	(6,654)	(4,427)
Property management	(22,365)	-	(22,365)	(22,367)
Property taxes	(28,143)	-	(28,143)	(30,806)
Repairs and maintenance	(6,244)	-	(6,244)	(19,996)
Utilities	(9,621)	-	(9,621)	(9,942)
	<u>(1,376)</u>	<u>-</u>	<u>(1,376)</u>	<u>(12,537)</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 116,283</u>	<u>\$ -</u>	<u>\$ 116,283</u>	<u>\$ 68,419</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.
Statement of Changes in Net Assets
Year Ended March 31, 2015

	General Fund	Invested in Capital Assets	Endowment Funds	2015	2014
NET ASSETS - BEGINNING OF YEAR	\$ 459,612	\$ 317,791	\$ 700,310	\$ 1,477,713	\$ 1,409,294
Excess of revenue over expenses	134,348	(18,065)	-	116,283	68,419
NET ASSETS - END OF YEAR	\$ 593,960	\$ 299,726	\$ 700,310	\$ 1,593,996	\$ 1,477,713

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

Statement of Cash Flows

Year Ended March 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Cash receipts from tenants and donors	\$ 247,221	\$ 280,012
Cash paid to suppliers and employees	(317,169)	(270,442)
Investment income received	<u>25,549</u>	<u>46,148</u>
Cash flow from (used by) operating activities	<u>(44,399)</u>	<u>55,718</u>
INVESTING ACTIVITIES		
Purchase of investments	(550,000)	(234,201)
Proceeds on disposal of investments	175,676	424,737
Decrease (increase) in investment cash	<u>(23,962)</u>	<u>122,469</u>
Cash flow from (used by) investing activities	<u>(398,286)</u>	<u>313,005</u>
INCREASE (DECREASE) IN CASH FLOW	(442,685)	368,723
Cash - beginning of year	<u>564,278</u>	<u>195,555</u>
CASH - END OF YEAR	<u>\$ 121,593</u>	<u>\$ 564,278</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

Notes to Financial Statements

Year Ended March 31, 2015

1. DESCRIPTION OF OPERATIONS

The Sackville Memorial Hospital Foundation Inc. is incorporated under the laws of the Province of New Brunswick and its principle activities include receiving donations and bequests for the Sackville Memorial Hospital, a division of Regional Health Authority B, Province of New Brunswick (RHA - B). The Foundation also operates the Tantramar Community Health Centre. The Foundation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition and fund accounting

Sackville Memorial Hospital Foundation Inc. follows the deferral method of accounting for contributions, and follows fund accounting.

The General Fund recognizes as income unrestricted donations received. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Investment income is recognized in the General Fund when it is earned. Pledges are not recognized as income until the pledge payments are received. Rental income is recognized as services are rendered. Costs incurred in the administration of the Foundation are expensed in this fund.

The Endowment fund recognizes as income bequests and donations made with restrictions on the principle by the donor and investments identified for endowment by the board. Income from the Endowment Fund is recognized in the General Fund and used at the discretion of the Board, unless otherwise restricted by the donor.

Restricted investment income from the Rand Memorial Gerontology Education Fund and the R.V. Bennett IV Trust is recognized as revenue of the Endowment Fund when earned.

Financial instruments policy

The Foundation measures its financial assets and financial liabilities at fair value. Changes in fair value are recognized in the statement of revenues and expenditures.

Financial assets measured at fair value include cash, accounts receivable, restricted cash, and investments.

Financial liabilities measured at fair value include accounts payable.

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SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

Notes to Financial Statements

Year Ended March 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Donated goods and services

Donated goods are not recognized in the financial statements but are receipted at their fair market value at the time of the donation if fair value can be reasonably estimated. During the year \$0 in donated goods were receipted. (2014 - \$0).

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Land, building and equipment

Land, building and equipment are stated at cost or deemed cost less accumulated amortization. Building and equipment are amortized over their estimated useful lives at the following rates and methods:

Land		non-amortizable
Building	40 years	straight-line method
Equipment	10 years	straight-line method
Works of art		non-amortizable

The Foundation regularly reviews its land, building and equipment to eliminate obsolete items.

Measurement uncertainty

The preparation of financial statements in conformity with Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of building and equipment. Actual results could differ from these estimates.

3. INVESTMENTS

	General Fund	Endowment Fund	2015	2014
Cash	\$ 27,973	\$ -	\$ 27,973	\$ 4,011
Fixed income	450,000	115,544	565,544	189,938
Less: Short term investments	(477,973)	(100,000)	(577,973)	(179,186)
	-	15,544	15,544	14,763
Equity	31,553	601,217	632,770	549,018
Total long term investments	\$ 31,553	\$ 616,761	\$ 648,314	\$ 563,781

Fixed income investments have maturity dates between August 2015 and July 2022, and bear interest at rates ranging from 1.28% to 9.5%.

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

Notes to Financial Statements

Year Ended March 31, 2015

4. ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
Accounts receivable	\$ 558	\$ 8,306
HST receivable	2,958	-
Accrued interest	4,328	968
Current portion of long term receivable (Note 6)	3,606	3,907
Allowance for doubtful accounts	-	-
	<hr/>	<hr/>
Net accounts receivable	11,450	13,181

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk from tenants. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. All receivables were either received subsequent to year end, or arrangements have been made for collection.

5. RESTRICTED CASH

Restricted cash includes \$16,173 cash restricted for expenditures relating to the Rand Memorial Gerontology Education Fund, and \$7,464 cash held in the R. V. Bennett Trust.

6. LONG TERM RECEIVABLE

Loan to a tenant of \$14,126 (2014 - \$18,033) to finance leasehold improvements (current portion \$3,606, long term portion \$10,520), non-interest bearing, repayable in monthly installments of \$301, maturing in February 2019.

7. LAND, BUILDING AND EQUIPMENT

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 8,567	\$ -	\$ 8,567	\$ 8,567
Building	713,044	430,783	282,261	300,087
Equipment	18,260	16,696	1,564	1,804
Works of art	7,334	-	7,334	7,334
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 747,205	\$ 447,479	\$ 299,726	\$ 317,792

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

Notes to Financial Statements

Year Ended March 31, 2015

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2015</u>	<u>2014</u>
Trade accounts payable	\$ 38,703	\$ 27,273
Government remittances payable	-	1,462
	<u>\$ 38,703</u>	<u>\$ 28,735</u>

9. DEFERRED DONATIONS

	Opening balance	Contributions received	Recognized as revenue	2015
We Care to Make You Better	\$ -	\$ 16,765	\$ -	\$ 16,765
Let's Not Miss a Beat	46,840	61,140	107,980	-
It's the Way We Operate	92,518	2,589	82,897	12,210
The More We See	5,207	-	-	5,207
We Want to See You Better	-	18,000	18,000	-
Extra Mural	16,574	2,433	-	19,007
Give Comfort (Palliative Care)	7,648	790	-	8,438
Port Elgin Health Centre	2,416	25	2,146	295
	<u>\$ 171,203</u>	<u>\$ 101,742</u>	<u>\$ 211,023</u>	<u>\$ 61,922</u>

10. COMMITMENTS

The Foundation has agreed to fund the purchase of equipment for the Sackville Memorial Hospital at an estimated cost of \$100,000 in the 2016 fiscal year.

11. CONTRACTUAL OBLIGATIONS

The Foundation, as landlord, has entered into contractual agreements for rental of space in the Tantramar Community Health Centre and has signed leases as follows:

Rental revenue:

2016	\$ 56,050
2017	36,900
2018	34,800
2019	18,650
2020	13,800

SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

Notes to Financial Statements

Year Ended March 31, 2015

12. CHARITABLE EXPENDITURES

	<u>2015</u>	<u>2014</u>
Let's not Miss a Beat	\$ 134,103	\$ -
It's the Way We Operate	56,774	-
Port Elgin Health Centre	2,146	3,657
Donations to Horizon Health	14,092	-
Staff education	6,000	6,000
Non-campaign disbursements	5,000	6,500
Bursaries	2,000	2,000
Community groups	1,173	-
The More We See	-	42,581
Extra Mural purchases	-	8,219
Donate for Dignity	-	3,628
Healthy Returns	-	8,348
	<u>\$ 221,288</u>	<u>\$ 80,933</u>

13. RECEIPTED DONATIONS

The total value of donation receipts issued during the year was \$148,580 (2014 - \$143,444).

14. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. To manage these risks, the Foundation had adopted an investment policy that limits its holdings in classes of investments. As at March 31, 2015, the Foundation was not in compliance with the policy. The following analysis provides information about the Foundation's significant risk exposure and concentration as of March 31, 2015.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Foundation is exposed to all three risks on its investment portfolio.

Currency risk

Currency risk is the risk to the Foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is exposed to foreign currency exchange risk on cash and investments held in U.S. dollars. The Foundation does not use derivative instruments to reduce its exposure to foreign currency risk. Total holdings in US dollars at March 31, 2015 was \$31,694 (2014 - \$37,901).

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SACKVILLE MEMORIAL HOSPITAL FOUNDATION INC.

Notes to Financial Statements

Year Ended March 31, 2015

14. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal investing activities. The Foundation is exposed to interest rate risk primarily through its investment in fixed income investments.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investment in equities.
