



Financial Statements

Dartmouth General Hospital Charitable Foundation

March 31, 2017

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Independent auditor's report

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To the directors of
Dartmouth General Hospital Charitable Foundation

We have audited the accompanying financial statements of Dartmouth General Hospital Charitable Foundation, which comprise the statement of financial position as at March 31, 2017, the statements of operations, operations by fund and 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 Foundation'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 Foundation'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 not-for-profit organizations, the Foundation reports revenue from special events and donations, 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 and we were unable to determine whether any adjustments for unrecorded revenue might be necessary to special events revenue, donations, excess of revenue over expenses, cash flows from operations for the years ended March 31, 2017 and 2016, current assets as at March 31, 2017 and 2016, and net assets as at April 1, 2016 and March 31, 2017. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Dartmouth General Hospital Charitable Foundation as at March 31, 2017 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.

Halifax, Canada
November 17, 2017



Chartered Professional Accountants
Licensed Public Accountants

Dartmouth General Hospital Charitable Foundation

Statement of operations

Year ended March 31	2017	2016
Revenue		
Donations (Note 7)	\$ 936,161	\$ 491,937
Investment income (Note 8)	762,646	771,450
Other income	14,094	9,979
Parking, net (Note 9)	391,723	403,611
Special events, net (Note 10)	227,077	168,323
Television rentals	<u>18,007</u>	<u>57,864</u>
	<u>2,349,708</u>	<u>1,903,164</u>
Expenses		
Accounting	13,544	14,540
Fundraising and office (Note 11)	137,705	81,382
Investment management fees	68,552	66,677
Miscellaneous (Note 12)	13,846	12,887
Professional fees	27,001	18,184
Salaries and benefits	<u>352,691</u>	<u>298,114</u>
	<u>613,339</u>	<u>491,784</u>
Excess of revenue over expenses, before distributions and unrealized gain (loss) due to change in market value of investments	1,736,369	1,411,380
Distributions (Note 13)	<u>329,850</u>	<u>314,733</u>
Excess of revenue over expenses, after distributions and before unrealized gain (loss) due to change in market value of investments	1,406,519	1,096,647
Unrealized gain (loss) due to change in market value of investments	<u>1,156,218</u>	<u>(864,291)</u>
Excess of revenue over expenses	<u>\$ 2,562,737</u>	<u>\$ 232,356</u>

Dartmouth General Hospital Charitable Foundation

Statement of operations by fund and changes in net assets

Year ended March 31

		Externally Restricted						
	Internally Restricted Capital Fund	Capital Campaign Fund	Palliative Care Fund	Cardiology Education Fund	Unrestricted	2017	2016	
Balance, beginning of year	\$ 99,319	\$ -	\$ 64,952	\$ 5,803	\$ 16,189,053	\$ 16,359,127	\$ 16,126,771	
Revenues	-	300,000	1,355	-	2,048,353	2,349,708	1,903,164	
Expenses	(33,064)	-	-	-	(580,275)	(613,339)	(491,784)	
Distributions	-	-	-	-	(329,850)	(329,850)	(314,733)	
Unrealized gain (loss) due to change in market value of investments	-	-	-	-	1,156,218	1,156,218	(864,291)	
Excess (deficiency) of revenue over expenses	<u>(33,064)</u>	<u>300,000</u>	<u>1,355</u>	<u>-</u>	<u>2,294,446</u>	<u>2,562,737</u>	<u>232,356</u>	
Interfund transfers (Note 15)	-	139,384	-	-	(139,384)	-	-	
Balance, end of year	<u>\$ 66,255</u>	<u>\$ 439,384</u>	<u>\$ 66,307</u>	<u>\$ 5,803</u>	<u>\$ 18,344,115</u>	<u>\$ 18,921,864</u>	<u>\$ 16,359,127</u>	

See accompanying notes to the financial statements.

Dartmouth General Hospital Charitable Foundation

Statement of financial position

March 31 2017 2016

Assets

Current

Cash and cash equivalents	\$ 1,886,393	\$ 757,711
Receivables (Note 3)	31,050	95,363
Prepays	<u>13,338</u>	<u>7,781</u>
	1,930,781	860,855

Investments, at market value (Note 4) 19,310,459 17,476,685

Capital assets (Note 5) 66,255 99,319

\$ 21,307,495 **\$ 18,436,859**

Liabilities

Current

Payables and accruals	\$ 61,266	\$ 33,897
Deferred revenue	1,200	3,500
Payable to the Nova Scotia Health Authority	<u>2,323,165</u>	<u>2,040,335</u>
	<u>2,385,631</u>	<u>2,077,732</u>

Net assets

Internally restricted – invested in capital assets	66,255	99,319
Externally restricted	511,494	70,755
Unrestricted	<u>18,344,115</u>	<u>16,189,053</u>
	<u>18,921,864</u>	<u>16,359,127</u>

\$ 21,307,495 **\$ 18,436,859**

On behalf of the Board

_____ Chairman _____ Treasurer

Dartmouth General Hospital Charitable Foundation

Statement of cash flows

Year ended March 31

2017

2016

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses	\$ 2,562,737	\$ 232,356
Depreciation	33,064	33,064
Unrealized (gain) loss due to change in market value of investments	(1,156,218)	864,291
Gain on sale of investments	<u>(19,595)</u>	<u>(12,778)</u>
	1,419,988	1,116,933
Change in non-cash operating working capital (Note 14)	<u>366,655</u>	<u>(203,268)</u>
	<u>1,786,643</u>	<u>913,665</u>

Investing

Purchases of investments	(730,841)	(755,344)
Proceeds on sale of investments	<u>72,880</u>	<u>71,374</u>
	<u>(657,961)</u>	<u>(683,970)</u>

Net increase in cash and cash equivalents 1,128,682 229,695

Cash and cash equivalents

Beginning of year	<u>757,711</u>	<u>528,016</u>
End of year	<u>\$ 1,886,393</u>	<u>\$ 757,711</u>

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2017

1. Purpose of organization

The Dartmouth General Hospital Charitable Foundation (the "Foundation") works in close partnership with individuals, corporations, foundations, service organizations, and government to secure funding to support the patient care capital improvement requirements of the Dartmouth General Hospital, a site of the Nova Scotia Health Authority ("NSHA").

2. Summary of significant accounting policies

The Foundation has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant policies are detailed as follows:

Fund accounting

The Unrestricted Fund accounts for the Foundation's fundraising activities, unrestricted contributions, television, parking and investment income.

The Restricted Funds account for contributions which have been externally restricted for a specified purpose by the contributor. The contributions are recorded in the appropriate fund based on the external restrictions associated with them.

The Capital Fund accounts for capital assets, including their acquisition, depreciation and disposal. Contributions to the Capital Fund are internally restricted.

Revenue recognition

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

Donation revenue recognized by the Foundation consists of unrestricted, externally restricted and internally restricted contributions. Unrestricted contributions are recognized as revenue of the Unrestricted Fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue of the appropriate Restricted Fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Net investment income that is not externally restricted is recognized as it is earned in the statement of operations. Net investment income that is externally restricted is recognized as direct increases or decreases in net assets in the appropriate Restricted Fund.

Parking, special event and television rentals revenue are recognized as the related service is provided and collection is reasonably assured. Amounts received in advance of the service being provided are recorded as deferred revenues.

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Capital assets

Purchased capital assets are recorded at cost and subsequently at cost less depreciation. Contributed capital assets are recorded at fair value at the date of contribution. The rates and basis of depreciation applied to write off the cost of equipment over their estimated useful lives are as follows:

Equipment and software	5 years straight-line
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When a capital asset no longer has any long term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed.

Contributed services and materials

Volunteers contribute many hours annually to assist the Foundation in carrying out its service delivery and fundraising activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. During the year, contributed materials and gifts-in-kind were received in the amount of \$67,748 (2016 - \$61,210), the value of which has not been recorded in the financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, net of indebtedness, and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities. Cash balances are unrestricted.

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 reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Estimates include the useful lives of capital assets, allowance for doubtful accounts and fair market value of investments.

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 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 must be measured at fair value. The Foundation has also irrevocably elected to measure its investments in fixed income securities at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market and in fixed income securities are recorded in the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accruals, and payable to NSHA.

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

For financial assets measured at cost or amortized cost, the Foundation regularly assesses 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.

It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments, except for investments which are subject to foreign currency, interest rate and market risk. Investments held are managed by professional investment managers in accordance with investment policy established and monitored by the Foundation.

Income taxes

The Foundation is a not-for-profit organization and as such, is not subject to income taxes.

3. Receivables	<u>2017</u>	<u>2016</u>
Trade receivable	\$ 16,086	\$ 72,099
HST rebate	<u>14,964</u>	<u>23,264</u>
	<u>\$ 31,050</u>	<u>\$ 95,363</u>

4. Investments, at market value	<u>2017</u>	<u>2016</u>
Pooled funds	<u>\$ 19,310,459</u>	<u>\$ 17,476,685</u>

5. Capital assets			<u>2017</u>	<u>2016</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment and software	<u>\$ 168,202</u>	<u>\$ 101,947</u>	<u>\$ 66,255</u>	<u>\$ 99,319</u>

6. Internally imposed restrictions

The Foundation has committed to funding certain equipment for the Dartmouth General Hospital, a site of NSHA. Donations made for specific purposes are restricted towards their specified use. The Foundation funds any shortfall for commitments made from unrestricted net assets. In 2017, there were no such restrictions.

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2017

7. Donations	<u>2017</u>	<u>2016</u>
Bequests	\$ 336,007	\$ 239,455
Direct mail/Newsletter (Echo/Telemetry)	72,811	90,739
Major gifts	135,364	83,782
Memoriam	30,065	20,595
Restricted	301,355	3,825
Unrestricted	13,888	8,596
Major Equipment Campaign		
Pledge payments	40,000	40,000
New gifts	<u>6,671</u>	<u>4,945</u>
	<u>\$ 936,161</u>	<u>\$ 491,937</u>
8. Investment income	<u>2017</u>	<u>2016</u>
Dividends	\$ 475,967	\$ 519,164
Gain on sale of investments	19,595	12,778
Interest	<u>267,084</u>	<u>239,508</u>
	<u>\$ 762,646</u>	<u>\$ 771,450</u>
9. Parking	<u>2017</u>	<u>2016</u>
Gross revenue	\$ 533,978	\$ 545,088
Transportation & infrastructure renewal portion	(23,753)	(23,415)
Refunded parking	<u>(60)</u>	<u>-</u>
Net revenue	<u>510,165</u>	<u>521,673</u>
Expenses		
Depreciation	33,064	33,064
Snow removal	21,800	21,800
Security	37,737	39,200
Repairs and maintenance	<u>25,841</u>	<u>23,998</u>
	<u>118,442</u>	<u>118,062</u>
Net earnings	<u>\$ 391,723</u>	<u>\$ 403,611</u>

The Dartmouth General Hospital Charitable Foundation is leasing the land on which the parking facilities are located from the Dartmouth General Hospital, a site of NSHA, for a nominal amount, and are currently in the process of formalizing new lease terms. Additional parking facilities are being leased by the Foundation from the Province of Nova Scotia to February 28, 2019, for a nominal amount.

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2017

10. Special events	<u>2017</u>	<u>2016</u>
Revenue		
Auction & lobster dinner	\$ 208,517	172,679
Golf tournament	91,354	72,392
The Affair event	23,442	220
	<u>323,313</u>	<u>245,291</u>
Expenses		
Auction & lobster dinner	51,771	49,472
Golf tournament	27,611	27,496
The Affair event	16,854	-
	<u>96,236</u>	<u>76,968</u>
Net earnings	<u>\$ 227,077</u>	<u>\$ 168,323</u>

11. Fundraising and office	<u>2017</u>	<u>2016</u>
Advertising	\$ 3,534	\$ 4,913
Board expenses	1,106	3,527
Campaign readiness	77,460	23,648
Catering	108	1,042
Conferences	1,043	2,830
Courier	5,931	5,724
Direct mail	9,473	3,653
Donor recognition	-	1,504
Hospitality	558	153
Local travel	218	135
Memberships	1,642	1,944
Miscellaneous – fundraising & office	2,879	2,484
Newsletter	9,962	8,363
Office supplies	6,777	10,365
Postage	3,584	2,210
Printing	57	227
Software and hardware	944	1,265
System maintenance & training	7,156	4,998
Telephone	2,089	1,861
Website and hosting	3,184	536
	<u>\$ 137,705</u>	<u>\$ 81,382</u>

12. Miscellaneous	<u>2017</u>	<u>2016</u>
Bank charges	\$ 11,191	\$ 10,232
Liability insurance	2,655	2,655
	<u>\$ 13,846</u>	<u>\$ 12,887</u>

Dartmouth General Hospital Charitable Foundation

Notes to the financial statements

March 31, 2017

13. Distributions

Distributions are amounts that have been committed by the Board of Directors to the Dartmouth General Hospital, a site of Capital Health, towards equipment purchases and other related capital expenditures. Included in the current year are distributions, in the amount of \$4,058 (2016 - \$3,555), to fund the Dr. Gerald Burns Lecture.

14. Supplemental cash flow information	<u>2017</u>	<u>2016</u>
Change in non-cash operating working capital		
Receivables	\$ 64,313	\$ (72,868)
Prepays	(5,557)	(3,665)
Payables and accruals	27,369	(24,624)
Deferred revenue	(2,300)	3,500
Payable to Nova Scotia Health Authority	<u>282,830</u>	<u>(105,611)</u>
	<u>\$ 366,655</u>	<u>\$ (203,268)</u>

15. Inter-fund transfers

As of January 1, 2017, 50% of undesignated bequests received are transferred into the capital campaign fund for use towards the Dartmouth General Hospital redevelopment project. As a result an interfund transfer in the amount of \$139,384 (2016 – nil) was transferred from the Unrestricted Fund to the Capital Campaign Fund. Additionally, the Foundation transfers resources between funds as determined by the requirements, and the available resources, for any given transaction.

16. Comparative figures

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