

THE CHARLOTTE COUNTY HOSPITAL FOUNDATION INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021

THE CHARLOTTE COUNTY HOSPITAL FOUNDATION INC.

DECEMBER 31, 2021

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Operations	3 - 4
Statement of Financial Position	5 - 6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 12



L K TOOMBS CPA & ASSOCIATES P.C. INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of The Charlotte County Hospital Foundation Inc.

Qualified Opinion

I have audited the accompanying financial statements of The Charlotte County Hospital Foundation Inc. (the Foundation), which comprise the statement of financial position as at December 31, 2021, and the statement of operations, statement of changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2021, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations and fundraising, 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, I was not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses (expenses over revenue), and cash flows from operations for the years ended December 31, 2021 and December 31, 2020, current assets as at December 31, 2021 and December 31, 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years. My audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly, because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Foundation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit 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.



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Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or to error, and to issue an auditor's report that includes my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

St. Stephen, New Brunswick
May 30, 2022

Chartered Professional Accountant

THE CHARLOTTE COUNTY HOSPITAL FOUNDATION INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Operating Fund	Palliative Care Fund	Equipment Fund	Total
REVENUE				
Interest and dividends	\$ 178,681	\$ -	\$ -	\$ 178,681
Gain on sale of investments	92,117	-	-	92,117
Donations	33,202	1,735	86,702	121,639
Fundraising - Lottery	3,831	-	-	3,831
Grants	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
	<u>310,331</u>	<u>1,735</u>	<u>86,702</u>	<u>398,768</u>
EXPENSES				
Horizon Health Network	7,630	-	16,692	24,322
Continuing education	5,631	-	-	5,631
Interest and investment fees	24,097	-	-	24,097
Miscellaneous	4,085	204	-	4,289
Office and administration	3,956	-	1,265	5,221
Professional fees	12,954	-	-	12,954
Retirement allowances	1,300	-	-	1,300
Scholarships	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>14,000</u>
	<u>73,653</u>	<u>204</u>	<u>17,957</u>	<u>91,814</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) BEFORE UNREALIZED GAIN ON INVESTMENTS	236,678	1,531	68,745	306,954
UNREALIZED GAIN ON INVESTMENTS	<u>48,418</u>	<u>-</u>	<u>-</u>	<u>48,418</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	<u>\$ 285,096</u>	<u>\$ 1,531</u>	<u>\$ 68,745</u>	<u>\$ 355,372</u>

See accompanying notes to the financial statements.

THE CHARLOTTE COUNTY HOSPITAL FOUNDATION INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Operating Fund	Palliative Care Fund	Equipment Fund	Total
REVENUE				
Interest and dividends	\$ 106,942	\$ -	\$ -	\$ 106,942
Gain on sale of investments	8,970	-	-	8,970
Donations	9,320	645	49,165	59,130
Fundraising - Lottery	3,956	-	-	3,956
Grants	<u>7,500</u>	<u>-</u>	<u>10,000</u>	<u>17,500</u>
	<u>136,688</u>	<u>645</u>	<u>59,165</u>	<u>196,498</u>
EXPENSES				
Horizon Health Network	7,500	-	89,994	97,494
Continuing education	2,509	-	-	2,509
Interest and investment fees	22,964	-	-	22,964
Miscellaneous	2,655	278	-	2,933
Office and administration	6,221	-	3,018	9,239
Professional fees	12,174	-	-	12,174
Retirement allowances	550	-	-	550
Scholarships	<u>21,000</u>	<u>-</u>	<u>-</u>	<u>21,000</u>
	<u>75,573</u>	<u>278</u>	<u>93,012</u>	<u>168,863</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) BEFORE UNREALIZED GAIN ON INVESTMENTS	61,115	367	(33,847)	27,635
UNREALIZED GAIN ON INVESTMENTS	<u>59,991</u>	<u>-</u>	<u>-</u>	<u>59,991</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	<u>\$ 121,106</u>	<u>\$ 367</u>	<u>\$ (33,847)</u>	<u>\$ 87,626</u>

See accompanying notes to the financial statements.

THE CHARLOTTE COUNTY HOSPITAL FOUNDATION INC.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

ASSETS

	Endowment Fund	Operating Fund	Palliative Care Fund	Equipment Fund	Total
CURRENT					
Cash	\$ -	\$ 101,313	\$ 3,059	\$ 56,838	\$ 161,210
Pledges receivable	-	-	-	1,500	1,500
HST rebate receivable	-	904	-	-	904
Due from Operating Fund (Note 2)	-	-	491	10,407	10,898
Prepays	-	5,000	-	-	5,000
	-	107,217	3,550	68,745	179,512
INVESTMENTS	<u>1,376,261</u>	<u>2,055,297</u>	<u>-</u>	<u>-</u>	<u>3,431,558</u>
	<u>\$ 1,376,261</u>	<u>\$ 2,162,514</u>	<u>\$ 3,550</u>	<u>\$ 68,745</u>	<u>\$ 3,611,070</u>

LIABILITIES

CURRENT					
Payables and accruals	\$ -	\$ 23,218	\$ -	\$ -	\$ 23,218
Due to Palliative Care Fund (Note 2)	-	491	-	-	491
Due to Equipment Fund (Note 2)	-	10,407	-	-	10,407
	<u>-</u>	<u>34,116</u>	<u>-</u>	<u>-</u>	<u>34,116</u>

NET ASSETS (Page 7)

ENDOWMENT	1,376,261	-	-	-	1,376,261
UNRESTRICTED	-	2,128,398	-	-	2,128,398
RESTRICTED (Note 1)	<u>-</u>	<u>-</u>	<u>3,550</u>	<u>68,745</u>	<u>72,295</u>
	<u>1,376,261</u>	<u>2,128,398</u>	<u>3,550</u>	<u>68,745</u>	<u>3,576,954</u>
	<u>\$ 1,376,261</u>	<u>\$ 2,162,514</u>	<u>\$ 3,550</u>	<u>\$ 68,745</u>	<u>\$ 3,611,070</u>

COMMITMENTS (Note 3)

APPROVED ON BEHALF OF THE BOARD:

Trustee

Trustee

See accompanying notes to the financial statements.

THE CHARLOTTE COUNTY HOSPITAL FOUNDATION INC.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

ASSETS

	Endowment Fund	Operating Fund	Palliative Care Fund	Equipment Fund	Total
CURRENT					
Cash	\$ -	\$ 98,837	\$ 2,019	\$ 19,762	\$ 120,618
Receivables	-	2,000	-	-	2,000
Pledges receivable	-	-	-	550	550
HST rebate receivable	-	1,975	-	-	1,975
Due from Operating Fund (Note 2)	-	-	-	4,281	4,281
	-	102,812	2,019	24,593	129,424
INVESTMENTS	<u>1,376,261</u>	<u>1,761,710</u>	<u>-</u>	<u>-</u>	<u>3,137,971</u>
	<u>\$ 1,376,261</u>	<u>\$ 1,864,522</u>	<u>\$ 2,019</u>	<u>\$ 24,593</u>	<u>\$ 3,267,395</u>

LIABILITIES

CURRENT					
Payables and accruals	\$ -	\$ 16,939	\$ -	\$ 24,593	\$ 41,532
Due to Equipment Fund (Note 2)	-	4,281	-	-	4,281
	-	21,220	-	24,593	45,813

NET ASSETS (Page 7)

ENDOWMENT	1,376,261	-	-	-	1,376,261
UNRESTRICTED	-	1,843,302	-	-	1,843,302
RESTRICTED (Note 1)	-	-	2,019	-	2,019
	<u>1,376,261</u>	<u>1,843,302</u>	<u>2,019</u>	<u>-</u>	<u>3,221,582</u>
	<u>\$ 1,376,261</u>	<u>\$ 1,864,522</u>	<u>\$ 2,019</u>	<u>\$ 24,593</u>	<u>\$ 3,267,395</u>

See accompanying notes to the financial statements.

THE CHARLOTTE COUNTY HOSPITAL FOUNDATION INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Endowment Fund</u>	<u>Operating Fund</u>	<u>Palliative Care Fund</u>	<u>Equipment Fund</u>	<u>Total</u>
NET ASSETS, BEGINNING OF YEAR	\$ 1,376,261	\$ 1,843,302	\$ 2,019	\$ -	\$ 3,221,582
Excess of revenue over expenses (expenses over revenue)	<u>-</u>	<u>285,096</u>	<u>1,531</u>	<u>68,745</u>	<u>355,372</u>
NET ASSETS, END OF YEAR	<u>\$ 1,376,261</u>	<u>\$ 2,128,398</u>	<u>\$ 3,550</u>	<u>\$ 68,745</u>	<u>\$ 3,576,954</u>

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Endowment Fund</u>	<u>Operating Fund</u>	<u>Palliative Care Fund</u>	<u>Equipment Fund</u>	<u>Total</u>
NET ASSETS, BEGINNING OF YEAR	\$ 1,376,261	\$ 1,736,569	\$ 1,652	\$ 19,474	\$ 3,133,956
Interfund transfer	-	(14,373)	-	14,373	-
Excess of revenue over expenses (expenses over revenue)	<u>-</u>	<u>121,106</u>	<u>367</u>	<u>(33,847)</u>	<u>87,626</u>
NET ASSETS, END OF YEAR	<u>\$ 1,376,261</u>	<u>\$ 1,843,302</u>	<u>\$ 2,019</u>	<u>\$ -</u>	<u>\$ 3,221,582</u>

See accompanying notes to the financial statements.

THE CHARLOTTE COUNTY HOSPITAL FOUNDATION INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 355,372	\$ 87,626
Gain on sale of investments	(92,117)	(8,970)
Unrealized gain on investments	<u>(48,418)</u>	<u>(59,991)</u>
	<u>214,837</u>	<u>18,665</u>
 CHANGES IN NON-CASH WORKING CAPITAL		
Decrease in payables and accruals	(18,314)	(49,340)
Increase in prepaids	(5,000)	-
Decrease in receivables	<u>2,121</u>	<u>18,216</u>
	<u>(21,193)</u>	<u>(31,124)</u>
	<u>193,644</u>	<u>(12,459)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	2,707,060	703,835
Purchase of investments	<u>(2,860,112)</u>	<u>(728,590)</u>
	<u>(153,052)</u>	<u>(24,755)</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	40,592	(37,214)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>120,618</u>	<u>157,832</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 161,210</u>	<u>\$ 120,618</u>

See accompanying notes to the financial statements.

THE CHARLOTTE COUNTY HOSPITAL FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

STATUS AND PURPOSE OF THE ORGANIZATION

The Foundation is a not-for-profit registered public foundation under the *Income Tax Act*, incorporated without share capital. The Foundation's main purpose is to provide funds for the charitable benefit of the Horizon Health Network and in particular, the Charlotte County Hospital in St. Stephen, New Brunswick.

1. SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting, and include the following significant accounting policies:

Fund Accounting

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

The Operating Fund accounts for the Foundation's program delivery and administrative activities.

The Palliative Care Fund reports the externally restricted resources that are to be used for the Palliative Care Unit of the Charlotte County Hospital.

The Equipment Fund reports the externally restricted resources to be used for the purchase of specified equipment for the Charlotte County Hospital.

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund is reported in the Operating Fund.

Revenue Recognition

Restricted contributions specified for the Palliative Care Unit of the Charlotte County Hospital or the Equipment Fund are recognized as revenues of the applicable fund in the year in which the revenues are realized.

Pledges receivable are recognized as revenues when the amount to be collected can be reasonably estimated and collection is reasonably assured. Included in donations revenue of the Equipment Fund are pledges totaling \$1,500 (2020: \$550).

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable 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.

Lottery revenue and other revenue is recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income, which includes dividends, interest, and realized and unrealized gains and losses, is recognized as revenue of the Operating Fund in the statement of operations when earned.

THE CHARLOTTE COUNTY HOSPITAL FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Contributed Services

Volunteers (e.g., members of the board of trustees) contribute many hours of service in assisting the Foundation with carrying out its charitable work. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributed Materials

Donated items are recognized at fair value when fair value can be reasonably estimated and the donated items will be used in the normal course of the Foundation's operations.

Capital Assets

Capital assets are expensed on acquisition. The Foundation owns a laptop computer with a cost of \$690, which was expensed in office and administration expense of the Operating Fund for the year ended December 31, 2020.

Financial Instruments

Financial instruments are comprised of cash and cash equivalents, receivables, investments, and payables and accruals. The Foundation initially measures all financial assets and financial liabilities at fair value, and subsequently measures all financial assets and financial liabilities at amortized cost, except for investments quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the Statement of Operations.

Financial assets measured at amortized cost include cash and receivables.

Financial liabilities measured at amortized cost include payables and accruals.

The Foundation's financial assets measured at fair value include all investments, including fixed income and equity instruments. The fair value of these investments has been measured using the quoted market values provided by the brokerage firms holding the investments.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Such estimates include the fair value of investments, realizable value of receivables, and accrued liabilities. Actual results could differ from those estimates; any adjustments are recorded in the year they become known.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

THE CHARLOTTE COUNTY HOSPITAL FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

2. DUE TO/FROM FUNDS

Balances due to/from other funds are non-interest bearing and have no set terms of repayment.

3. COMMITMENTS

During the year, the Foundation committed to fund additional purchases for Horizon Health Network with an approximate cost of \$59,500, which was paid from the Equipment Fund subsequent to year-end. As the purchases were not received at December 31, 2021, the expenses have not been recognized for the year ended December 31, 2021.

4. COVID-19

On March 11, 2020, the World Health Organization declared a pandemic as a result of the spread of the novel strain of coronavirus, known as "COVID-19". Governments worldwide enacted emergency measures to combat the spread of the virus, which caused material disruption to businesses globally, resulting in an economic slow-down. The impact of the COVID-19 outbreak and the implications resulting from measures enacted by governments is unknown, and the financial impact to the Foundation's financial position and future results cannot be estimated.

THE CHARLOTTE COUNTY HOSPITAL FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

5. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments.

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 in connection with receivables and the maximum exposure to credit risk is the carrying value of receivables. The Foundation's revenues are derived from a wide variety of sources, which minimizes concentration of credit risk.

Interest Rate Risk

The Foundation is exposed to interest rate risk on its investment portfolio. The Foundation does not use derivative financial instruments to alter the effects of this risk. To manage these risks, the Foundation has a formal investment policy, which restricts the types and amounts of eligible investments. The policy objectives are to achieve and maintain over the long term a real rate of return of at least 4%, after inflation, and to maintain the value of the capital base in perpetuity. The Foundation's investment guidelines are as follows:

- Cash and cash equivalents comprise 0-15% of the portfolio value, and must have a rating of at least R1 based on the Dominion Bond Rating Service (DBRS).
- Fixed income investments comprise 35-70% of the portfolio value, with no more than 10% with any issuer unless fully guaranteed by the Government of Canada or a province of Canada having a AA credit rating or better, no more than 30% with a BBB DBRS rating, and no more than 50% with an A DBRS rating.
- Equity investments, which must be investments that are publicly traded on a major stock exchange or mutual funds, comprise 25-65% of the portfolio value, with 15-35% in Canadian equities and 10-30% invested in global equities.

Currency Risk

It is management's opinion that the Foundation is not exposed to significant foreign currency risk.

Liquidity Risk

Liquidity risk is the risk that the Foundation may not be able to meet cash requirements and fund obligations as they become due. The Foundation has a plan in place to meet current and future obligations as they come due, primarily with cash flows from operations.