

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.

Financial Statements

March 31, 2019



L. BOURQUE & ASSOCIATES P. C. INC.
CHARTERED PROFESSIONAL ACCOUNTANTS | COMPTABLES PROFESSIONNELS AGRÉÉS

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L. BOURQUE & ASSOCIATES P. C. INC.

CHARTERED PROFESSIONAL ACCOUNTANTS | COMPTABLES PROFESSIONNELS AGRÉÉS

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Dr. Georges-L-Dumont Hospital Foundation Inc. :

Opinion

We have audited the financial statements of Dr. Georges-L-Dumont Hospital Foundation Inc. organization (the organization), which comprise the balance sheet as at March 31, 2019, 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" paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2019, 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

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 organization 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 opinion.

However, in common with many charitable organizations, Dr. Georges-L-Dumont Hospital Foundation Inc. derives revenue from donations 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 Dr. Georges-L.-Dumont Hospital Foundation Inc. Therefore, we were not able to determine whether any adjustments might be necessary to recorded contributions, the excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and March 31, 2018, current assets as at March 31, 2019 and March 31, 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years.

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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description, which is located at page 3, forms part of our auditor's report.

L. Bourque & Associates P. C. Inc.

Chartered Professional Accountants
June 25, 2019
Dieppe, NB

APPENDIX TO INDEPENDENT AUDITOR'S REPORT

Description of the Auditor's Responsibilities for the Audit of the 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 organization'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 organization'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 organization 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.

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.

Statement of Operations

Year ended March 31,

2019

2018

Revenues

Specific activities	\$ 1,861,776	\$ 2,219,807
Other donations	1,153,570	1,253,294
Investment income	136,481	55,440
	<u>3,151,827</u>	<u>3,528,541</u>

Expenses

Specific activities	603,208	599,760
Administration		
Salaries and benefits	406,380	448,425
Administrative expenses	91,238	92,852
Advertising and promotion	23,914	43,751
Office supplies and stationery	8,765	13,286
Travel expenses	680	1,140
Amortization of capital assets	2,903	2,592
	<u>1,137,088</u>	<u>1,201,806</u>

Excess of revenues over expenses before contributions2,014,739 2,326,735**Contributions**

Vitalité Health Network - Zone Beauséjour	1,712,378	901,374
Atlantic Cancer Research Institute Inc.	451,524	624,113
	<u>2,163,902</u>	<u>1,525,487</u>

Excess (deficiency) of revenues over expenses\$ (149,163) \$ 801,248

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.

Statement of Changes in Net Assets
Year ended March 31, 2019

	Invested in capital assets	Internally restricted	Externally restricted	2019		2018
				Endowment fund University Mission	Unrestricted	
Balance, beginning of year	\$ 11,718	\$ 4,272,807	\$ 1,211,484	\$ -	\$ 5,496,009	\$ 4,694,761
Excess (deficiency) of revenues over expenses	-	-	-	(149,163)	(149,163)	801,248
Net appropriations - internally restricted	-	(344,231)	-	344,231	-	-
Net appropriations - externally restricted	-	-	174,671	23,300	(197,971)	-
Amortization of capital assets	(2,903)	-	-	2,903	-	-
Balance, end of year	\$ 8,815	\$ 3,928,576	\$ 1,386,155	\$ 23,300	\$ 5,346,846	\$ 5,496,009

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.
 Statement of Financial Position
 March 31,

2019 **2018**

ASSETS

Current assets

Cash	\$ 3,961,783	\$ 4,235,660
Accounts receivable	84,100	86,886
Accrued interest	4,758	5,915
Prepaid expenses	8,853	18,388
Current portion of investments (note 3)	<u>298,316</u>	<u>288,234</u>

4,357,810 **4,635,083**

Investments (note 3)

Capital assets (note 4)	1,498,600	1,422,855
	<u>8,815</u>	<u>11,718</u>

\$ 5,865,225 **\$ 6,069,656**

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities	\$ 518,379	\$ 573,647
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NET ASSETS

Invested in capital assets	8,815	11,718
Externally restricted	1,386,155	1,211,484
Internally restricted	3,928,576	4,272,807
Endowment fund - University Mission	<u>23,300</u>	<u>-</u>

5,346,846 **5,496,009**

\$ 5,865,225 **\$ 6,069,656**

Commitments (note 5)

ON BEHALF OF THE BOARD OF DIRECTORS

_____, Director

_____, Director

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.

Statement of Cash Flows

Year ended March 31,

2019**2018**

Cash flows from operating activities

Excess (deficiency) of revenues over expenses

\$ (149,163) \$ 801,248

Non-cash items:

Amortization of capital assets

2,903 2,592(146,260) 803,840

Net change in non-cash working capital:

Accounts receivable

2,786 74,894

Accrued interest

1,157 (530)

Prepaid expenses

9,535 39,399

Accounts payable and accrued liabilities

(55,268) (170,163)

Deferred contributions

- (82,341)(188,050) 665,099**Cash flows from investing activities**

Net change in investments

(85,827) (82,764)

Acquisition of capital assets

- (32,121)

Deferred contributions

- 26,128(85,827) (88,757)**Increase (decrease) in cash and cash equivalents**

(273,877) 576,342

Cash and cash equivalents, beginning of year4,235,660 3,659,318**Cash and cash equivalents, end of year**\$ 3,961,783 \$ 4,235,660**Comprised of:**

Cash

\$ 3,961,783 \$ 4,235,660

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.

Notes to the Financial Statements

March 31, 2019

1. Statutes of incorporation and nature of activities

Dr. Georges-L.-Dumont Hospital Foundation Inc. (the Foundation) is incorporated as a not-for-profit whose mission is to support the development of the Dr. Georges-L.-Dumont Regional Hospital and its partners to enhance health care services. The Foundation is a registered charity under the *Income Tax Act*.

2. Significant accounting policies

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

Fund accounting

Externally restricted net assets represent resources contributed for specific purposes.

Internally restricted net assets represent resources that have been allocated for specific purposes by the Board of Directors of the Foundation.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

Contributed services

The Foundation would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

Capital assets

Capital assets are recorded at cost. Amortization is based on their estimated useful life using the following methods and rates:

	<u>Method</u>	<u>Rate</u>
Office furniture	Declining balance	20% to 55%
Improvements to office space	Straight-line	5 years

2. Significant accounting policies (continued)

Deferred contributions

Capital asset contributions are accounted for as deferred contributions and amortized on the same basis as the related capital assets.

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, trade and other receivables.

Financial liabilities measured at amortized cost include trade accounts payable and accrued liabilities.

The Foundation's financial assets measured at fair value include quoted shares and fixed income securities.

Cash and cash equivalents

The Foundation's policy is to present bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

3. Investments

	<u>2019</u>	<u>2018</u>
Cash	\$ 31,391	\$ 16,879
Fixed income securities, 1.88% to 7.30%, maturing June 2019 to December 2048, measured at fair value	1,594,777	1,563,264
Quoted shares measured at fair value	<u>170,748</u>	<u>130,946</u>
Current portion	1,796,916	1,711,089
	<u>298,316</u>	<u>288,234</u>
	<u>\$ 1,498,600</u>	<u>\$ 1,422,855</u>

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.
Notes to the Financial Statements
March 31, 2019

4. Capital assets

	<u>2019</u>			<u>2018</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture	\$ 48,379	\$ 42,443	\$ 5,936	\$ 8,016
Improvements to office space	119,113	1,234	117,879	118,702
Deferred contributions	167,492 (115,000)	43,677 -	123,815 (115,000)	126,718 (115,000)
Total capital assets	\$ 52,492	\$ 43,677	\$ 8,815	\$ 11,718

5. Commitments

As of March 31, 2019, the Foundation is committed to contribute a total of \$4,636,043 of which \$4,531,043 is to the Regional Health Authority A Zone 1B, \$80,000 to Services Palliatifs Communautaires Beauséjour Inc. and \$25,000 to Fondation Stella Maris. The amount of \$4,636,043 is not due to be paid out completely in the next fiscal year, but rather it will be disbursed as the projects are finalized or as the allocated funds are required by the Hospital.

6. Allocation of expenses

The Foundation attributes salaries and benefits based on time allocated to specific activities.

Salaries and benefits have been allocated as follows:

	<u>2019</u>	<u>2018</u>
Administration	\$ 406,380	\$ 448,425
Specific activities	221,105	223,407
	\$ 627,485	\$ 671,832

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.

Notes to the Financial Statements

March 31, 2019

7. Financial instruments

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

Interest rate risk

The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-rate instruments subject the Foundation to a fair value risk. The Foundation is exposed to this type of risk as a result of investments in bonds.

Credit risk

The Foundation is exposed to credit risk with respect with accounts receivable. The Foundation assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

Other price risk

Other price risk associated with investments in shares is the risk that their fair value will fluctuate because of changes in market prices.