

FONDATION HÔPITAL DR-GEORGES-L.-DUMONT INC.

Financial Statements

March 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Fondation Hôpital Dr-Georges-L.-Dumont Inc.

Qualified Opinion

We have audited the financial statements of Fondation Hôpital Dr-Georges-L.-Dumont Inc. (the organization), which comprise the balance sheet as at March 31, 2023, and the statements of revenues and expenses, 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 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 the organization as at March 31, 2023, 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

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, 2023 and March 31, 2022, current assets as at March 31, 2023 and March 31, 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years.

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 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 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 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 4, forms part of our auditor's report.

Bourque Richard Boutot

Bourque Richard Boutot P.C. Inc.
Chartered Professional Accountants

Dieppe, New-Brunswick
June 29, 2023

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.

FONDATION HÔPITAL DR-GEORGES-L.-DUMONT INC.
Statement of Revenues and Expenses
Year Ended March 31, 2023

	2023	2022
Revenues		
Specific activities	\$ 2,133,564	\$ 1,381,577
Other donations	705,468	864,064
Investments income	204,285	692
Other income	2,257	208
Canada Emergency Wage Subsidy	-	129,857
	<hr/>	<hr/>
	3,045,574	2,376,398
Expenses		
Specific activities	656,957	426,232
Amortization of capital assets	1,990	2,190
Travel expenses	7,737	1,589
Office supplies and stationery	11,868	7,022
Administrative expenses	142,020	196,658
Advertising and promotion	18,133	29,241
Salaries and benefits	507,485	446,567
	<hr/>	<hr/>
	1,346,190	1,109,499
Excess of revenues over expenses before contributions	<hr/> 1,699,384	<hr/> 1,266,899
Contributions		
Vitalité Health Network - Zone Beauséjour	(598,901)	(394,712)
Atlantic Cancer Research Institute Inc.	(138,054)	(216,644)
	<hr/>	<hr/>
	(736,955)	(611,356)
Excess of revenues over expenses	<hr/> \$ 962,429	<hr/> \$ 655,543

FONDATION HÔPITAL DR-GEORGES-L.-DUMONT INC.
Statement of Changes in Net Assets
Year Ended March 31, 2023

						2023	2022
	Invested in	Internally	Externally	Endowment	Unrestricted	Total	Total
	capital assets	restricted	restricted	funds (note 7)			
Balance, beginning of year	\$ 10,198 \$	4,809,777 \$	1,873,981 \$	1,130,933 \$	- \$	7,824,889 \$	7,169,346
Excess of revenues over expenses	-	-	-	-	962,429	962,429	655,543
Net appropriations - internally restricted	-	907,853	-	-	(907,853)	-	-
Net appropriations - externally restricted	-	-	56,566	-	(56,566)	-	-
Net appropriations - endowment funds	-	-	-	63,000	-	63,000	-
Amortization of capital assets	(1,990)	-	-	-	1,990	-	-
Investments income	-	-	-	23,984	-	23,984	-
Balance, end of year	\$ 8,208 \$	5,717,630 \$	1,930,547 \$	1,217,917 \$	- \$	8,874,302 \$	7,824,889

FONDATION HÔPITAL DR-GEORGES-L.-DUMONT INC.
Balance Sheet
March 31, 2023

	2023	2022
Assets		
Current assets		
Cash	\$ 2,898,223	\$ 6,118,956
Accounts receivable (Note 3)	131,059	26,716
Prepaid expenses	14,414	10,117
Current portion of investments (Note 4)	3,828,764	120,640
	<u>6,872,460</u>	6,276,429
Investments (Note 4)	2,188,422	1,719,741
Capital assets (Note 5)	8,208	10,198
	<u>\$ 9,069,090</u>	<u>\$ 8,006,368</u>
Liability		
Current liability		
Accounts payable and accrued liabilities (Note 6)	\$ 194,788	\$ 181,479
Net assets		
Invested in capital assets	8,208	10,198
Internally restricted	5,717,630	4,809,777
Externally restricted	1,930,547	1,873,981
Endowment funds (Note 7)	1,217,917	1,130,933
	<u>8,874,302</u>	7,824,889
	<u>\$ 9,069,090</u>	<u>\$ 8,006,368</u>

Contingency (Note 9)

Commitments (Note 8)

On behalf of the Board

_____, Director

_____, Director

FONDATION HÔPITAL DR-GEORGES-L.-DUMONT INC.
Statement of Cash Flows
Year Ended March 31, 2023

	2023	2022
Operating activities		
Excess of revenues over expenses	\$ 962,429	\$ 655,543
Non-cash item:		
Amortization of capital assets	1,990	2,190
	<u>964,419</u>	657,733
Net change in non-cash items related to operating activities:		
Accounts receivable	(104,343)	95,759
Prepaid expenses	(4,297)	(2,608)
Accounts payable and accrued liabilities	13,309	(52,146)
	<u>869,088</u>	698,738
Investing activities		
Net change in investments	(4,176,805)	(111,152)
Acquisition of capital assets	-	(2,635)
	<u>(4,176,805)</u>	(113,787)
Financing activity		
Net change - Endowment funds	86,984	1,098,233
Increase (decrease) in cash	(3,220,733)	1,683,184
Cash, beginning of year	6,118,956	4,435,772
Cash, end of year	\$ 2,898,223	\$ 6,118,956
Cash and cash equivalents		
Cash	<u>\$ 2,898,223</u>	<u>\$ 6,118,956</u>

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 organization applies the Canadian accounting standards for not-for-profit organizations.

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 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the amounts recognized as revenues and expenses for the periods covered. Actual results may differ from these estimates. The critical estimates relate to the the useful lives of property, plant and equipment.

Cash and cash equivalents

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

2. Significant accounting policies (continued)

Capital assets

Capital assets are accounted for at cost. Amortization is calculated using the following methods, rates and period:

	Methods	Rate or period
Office furniture	Declining balance	20% to 55%
Improvements to office space	Straight-line	5 years

Financial instruments

Initial measurement

The organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost.

Subsequent measurement

The organization subsequently measures all its financial assets and liabilities at cost or 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 of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost using the straight-line method include cash and accounts receivable.

Financial assets measured at fair value include fixed income securities and quoted shares.

A financial liability issued by the organization in an arm's length transaction indexed to a measure of the organization's financial performance or to changes in the value of the organization's equity is remeasured at the higher of the amortized cost of the debt or the amount that would be due at the balance sheet date if the formula determining the additional amount was applied at that date. The amount of the adjustment relating to the additional amount is recognized in income and presented as a separate component of interest expense.

3. Accounts receivable

	2023		2022	
Trade	\$	38,761	\$	-
Accrued interest receivable		68,978		3,982
Sales taxes receivable		23,320		22,734
		<hr/>		<hr/>
	\$	131,059	\$	26,716

FONDATION HÔPITAL DR-GEORGES-L.-DUMONT INC.
Notes to Financial Statements
March 31, 2023

4. Investments

	2023	2022
Cash	\$ 602,987	\$ 67,325
Fixed income securities, 1.35% to 7.30%, maturing June 2023 to February 2050, measured at fair value	4,615,026	1,194,721
Quoted shares measured at fair value	799,173	578,335
	6,017,186	1,840,381
Current portion of investments	3,828,764	120,640
	\$ 2,188,422	\$ 1,719,741

5. Capital assets

	2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value
Office furniture	\$ 59,058	\$ 50,919	\$ 8,139	\$ 9,786
Improvements to office space	4,114	4,045	69	412
	\$ 63,172	\$ 54,964	\$ 8,208	\$ 10,198

6. Accounts payable and accrued liabilities

	2023	2022
Accounts payable	\$ 148,813	\$ 88,223
Accrued liabilities	9,400	9,400
Salaries and benefits payable	11,994	36,988
Vacations payable	24,581	46,868
	\$ 194,788	\$ 181,479

FONDATION HÔPITAL DR-GEORGES-L.-DUMONT INC.
Notes to Financial Statements
March 31, 2023

7. Endowment funds

	2023	2022
Endowment - University Mission	\$ 196,624	\$ 130,933
Endowment - D. Holt	<u>1,021,293</u>	<u>1,000,000</u>
	<u>\$ 1,217,917</u>	<u>\$ 1,130,933</u>

8. Commitments

As of March 31, 2023, the Foundation is committed to contribute a total of \$5,450,641 to the Regional Health Authority A Zone 1B. The amount of \$5,450,641 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.

As of March 31, 2023, the Foundation is committed to contribute a total of \$3,731,000 to Regional Health Authority for the purchase of equipments. The terms of the contribution is not finalized.

9. Contingency

No provision has been made in the organization's accounts for unclaimed staff sick time, for which a future liability is likely, but the portion that will be actually used cannot be reasonably estimated. As at March 31, 2023, the employees of the organization have accumulated sick time in the amount of \$59,688 (2022 - \$73,100). This amount has not been recognized in the financial statements of the organization as it is only payable if and when the employees become ill.

10. Allocation of expenses

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

Salaries and benefits have been allocated as follows:

	2023	2022
Administration	\$ 507,485	\$ 446,567
Specific activities	<u>94,734</u>	<u>116,290</u>
	<u>\$ 602,219</u>	<u>\$ 562,857</u>

11. Financial instruments

Financial risks

The significant risks arising from financial instruments to which the organization is exposed as at March 31, 2023 are detailed below.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the organization by failing to discharge an obligation. The organization's credit risk is mainly related to accounts receivable and notes receivable.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The organization is exposed to interest rate risk on its fixed-interest rate financial instruments. Fixed interest rate instruments subject the organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

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 organization is mainly exposed to other price risk through its investments in quoted shares for which the value fluctuates with the quoted market price.