

Financial Statements

Valley Regional Hospital Foundation

March 31, 2025

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Independent auditor's report

To the Board of Directors of
Valley Regional Hospital Foundation

Qualified Opinion

We have audited the financial statements of Valley Regional Hospital Foundation ("the Organization"), which comprise the statement of financial position as at March 31, 2025, 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* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Valley Regional Hospital Foundation, as at March 31, 2025, and its results of 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 not-for-profit organizations, the Organization derives revenue from fundraising and donation activities, 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising or donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2025 and March 31, 2024, current assets as at March 31, 2025 and March 31, 2024, and net assets as at April 1, 2024 and March 31, 2024 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended March 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

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.

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.

Doane Grant Thornton LLP

Kentville, Canada
June 25, 2025

Chartered Professional Accountants

Valley Regional Hospital Foundation

Statement of Operations

Year ended March 31

	Unrestricted Funds	Restricted Fund Hospital Improvements and Capital Additions	<u>2025</u>	<u>2024</u>
Revenue				
Donations	\$ 313,913	\$ 1,406,412	\$1,720,325	\$2,007,147
Fundraising	153,159	144,082	297,241	344,930
Government grants (Note 5)	64,423	-	64,423	-
Investment income (Note 3)	213,862	3,666	217,528	155,079
Unrealized gain on investments	283,727	14,101	297,828	423,986
Total Revenue	<u>1,029,084</u>	<u>1,568,261</u>	<u>2,597,345</u>	<u>2,931,142</u>
Expenditures				
General & administrative				
Bank Charges	14,383	-	14,383	5,748
Direct response costs	13,783	3,955	17,738	16,400
Dues and fees	6,004	-	6,004	5,408
Fundraising	22,098	-	22,098	20,621
Insurance	5,175	-	5,175	5,087
Investment fees	51,861	781	52,642	44,878
Memberships	1,859	-	1,859	666
Office and miscellaneous	11,885	-	11,885	17,199
Office equipment lease	5,417	-	5,417	5,588
Printing	15,424	5,999	21,423	18,696
Professional fees	36,870	-	36,870	72,864
Promotion / donor recognition	10,791	575	11,366	10,071
Special events	32,856	19,781	52,637	38,952
Salaries and benefits	540,409	-	540,409	534,652
Telephone and internet	3,869	-	3,869	2,592
Travel	10,599	1,828	12,427	4,727
Total General & administrative	<u>783,283</u>	<u>32,919</u>	<u>816,202</u>	<u>804,149</u>
Disbursements				
Chaplaincy program	-	49,992	49,992	49,992
Equipment, health and wellness programs	257,896	965,691	1,223,587	567,773
Total disbursements	<u>257,896</u>	<u>1,015,683</u>	<u>1,273,579</u>	<u>617,765</u>
Total expenditures	<u>1,041,179</u>	<u>1,048,602</u>	<u>2,089,781</u>	<u>1,421,914</u>
(Deficiency) Excess revenue over expenditures	<u>\$ (12,095)</u>	<u>\$ 519,659</u>	<u>\$ 507,564</u>	<u>\$ 1,509,228</u>

Valley Regional Hospital Foundation

Statement of Changes in Net Assets

Year ended March 31

	Unrestricted Funds	Restricted Fund Hospital Improvements and Capital	Internally Restricted Chaplaincy Endowment Fund	Externally Restricted Endowment Fund	Total Restricted Funds	2025	2024
Balance, beginning of year	\$ 4,620,800	\$ 1,405,185	\$ 952,891	\$ 105,012	\$2,463,088	\$7,083,888	\$5,574,660
Interfund transfers (Note 2)	105,097	(105,097)	-	-	(105,097)	-	-
Endowment received	-	-	-	88,090	88,090	88,090	-
(Deficiency) Excess revenue over expenditures	<u>(12,095)</u>	<u>519,659</u>	<u>-</u>	<u>-</u>	<u>519,659</u>	<u>507,564</u>	<u>1,509,228</u>
Balance, end of year	<u>\$ 4,713,802</u>	<u>\$ 1,819,747</u>	<u>\$ 952,891</u>	<u>\$ 193,102</u>	<u>\$2,965,740</u>	<u>\$7,679,542</u>	<u>\$7,083,888</u>

See accompanying notes to the financial statements

Valley Regional Hospital Foundation

Statement of Financial Position

March 31

2025

2024

Assets

Current

Cash and cash equivalents	\$ 401,648	\$ 237,568
Marketable securities at fair market value (Note 4)	7,771,376	7,112,630
Receivables	4,277	125,680
Harmonized sales tax receivable	30,418	18,391
Prepays	1,000	5,668
	<u>\$ 8,208,719</u>	<u>\$ 7,499,937</u>

Liabilities

Current

Payables and accruals	\$ 329,600	\$ 416,049
Deferred revenue (Note 5)	199,577	-
	<u>529,177</u>	<u>416,049</u>

Surplus

Restricted fund	1,819,747	1,405,185
Internally restricted endowment fund	952,891	952,891
Externally restricted endowment fund	193,102	105,012
Unrestricted fund	4,713,802	4,620,800
	<u>7,679,542</u>	<u>7,083,888</u>
	<u>\$ 8,208,719</u>	<u>\$ 7,499,937</u>

Commitment (Note 6)

Subsequent events (Note 7)

Approved on behalf of the Board

Director

Director

Valley Regional Hospital Foundation

Statement of Cash Flows

Year ended March 31

2025

2024

Operating

Excess (deficiency) of revenue over expenditure	\$ 507,564	\$ 1,509,228
Unrealized (gain) loss on investments	<u>(297,828)</u>	<u>(423,986)</u>

209,736 1,085,242

Change in non-cash operating working capital

Receivables	121,403	(22,744)
Harmonized sales tax receivable	(12,027)	6,211
Prepays	4,668	(3,635)
Payables and accruals	(86,449)	342,058
Deferred revenue	199,577	-
Long-term receivables	<u>-</u>	<u>120,223</u>

436,908 1,527,355

Investing

Net change in investments	<u>(360,918)</u>	<u>(1,452,312)</u>
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Financing

Endowment contributions	<u>88,090</u>	<u>-</u>
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Increase in cash and cash equivalents 164,080 75,043

Cash and cash equivalents

Beginning of year	<u>237,568</u>	<u>162,525</u>
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End of year \$ 401,648 \$ 237,568

Valley Regional Hospital Foundation

Notes to the Financial Statements

March 31, 2025

1. Nature of organization

The Valley Regional Hospital Foundation (the "Foundation") was formed on November 13, 1985, for the purpose of raising funds for the construction of a new regional hospital, including the purchase of related equipment, for the Annapolis Valley Region of Nova Scotia. On March 30, 1994, the Board of Directors of Valley Regional Hospital Foundation approved three resolutions to change the name, objects and bylaws of the Foundation. As a result of these changes, the Foundation will also raise funds for the purpose of improving and promoting health and health care within the Annapolis Valley and such other geographical areas within the Province of Nova Scotia. The Foundation is classified as a Public Foundation and qualifies for tax exempt status as a registered charity under the *Income Tax Act*. At a special general meeting of the Board of Directors held on June 15, 1999, the name of the Foundation was changed from Annapolis Valley Health Foundation to Valley Regional Hospital Foundation.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Part III of the CPA Canada Handbook - Canadian accounting standards for not-for-profit organizations.

Fund accounting

Assets, liabilities, revenues and expenses related to program delivery and administrative activities are reported in the Unrestricted Fund.

Assets, liabilities, externally restricted contributions and expenses related to donations for specific hospital improvements and equipment purchases are reported in the Hospital Improvements and Capital Additions Restricted Fund.

Endowment assets and endowment contributions are reported in the Endowment Fund.

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 and reported amounts of revenue and expenses. Actual amounts could differ from these estimates.

Items subject to significant management estimates include accruals and fair value of investments.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and other institutions and term deposits with maturities of three months or less.

Valley Regional Hospital Foundation

Notes to the Financial Statements

March 31, 2025

2. Summary of significant accounting policies (continued)

Revenue recognition - Contributions

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

Unrestricted contributions

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. Pledges of future donations are not reflected in these financial statements until they are received.

Restricted donations

Restricted donations received for use in specific hospital improvements including equipment purchases for specific hospital departments are recognized as revenue in the Hospital Improvements and Capital Additions Restricted Fund when 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 when the amounts can be reasonably estimated and collection is reasonably assured.

Restricted contributions for which there is no related restricted fund as noted above are recorded in the Unrestricted Fund using the deferral method. Such restricted contributions are recognized as revenue of the Unrestricted Fund in the year in which the related expenses are incurred.

Bequests are recognized when received.

Administrative fees associated with contributions to restricted funds are transferred to the unrestricted fund in accordance with the Allocation of Revenue Policy of the Foundation.

Revenue recognition - Gifts in kind

Contributions of materials and services are recognized at fair value when it can be reasonably estimated and when the materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased. During the year, \$476,175 (2024 - \$305,824) in contributed shares were recorded in revenue and investments during the year.

Office space used in the conduct of the daily operating activities of the Foundation is provided by the Valley Regional Hospital, which operates under the Nova Scotia Health Authority. There is no rent charged to the Foundation and the fair value relating to the provision of this space is not determinable.

Revenue recognition - Investment income

Net investment income that is not externally restricted is recognized as it is earned in the Unrestricted Fund.

Net investment income that is externally restricted is recorded as revenue in the Restricted Fund.

Valley Regional Hospital Foundation

Notes to the Financial Statements

March 31, 2025

2. Summary of significant accounting policies (continued)

Revenue recognition - Investment income (continued)

Net investment income that is externally restricted for which there is no related restricted fund is recorded in the Unrestricted Fund using the deferral method, which recognizes the revenue when the related expenses are incurred.

Net investment income that is externally restricted and must be added to the resources held for endowment are recognized as revenue in the Endowment Fund. If there is no external restriction on net investment income earned in the endowment funds, it is recognized as revenue in the Unrestricted Fund.

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.

All changes in fair value of the Foundation's investments in equities quoted in an active market and in bonds are recorded in the statement of operations. The Foundation uses the effective interest rate method to amortize for any premiums, discounts, transaction fees and financing fees to the statement of operations for those financial instruments measured at amortized cost. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and payable to Nova Scotia Health Authority.

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.

Valley Regional Hospital Foundation

Notes to the Financial Statements

March 31, 2025

3. Investment income	<u>2025</u>	<u>2024</u>
Unrestricted Fund		
Dividend income	\$ 70,176	\$ 66,015
Gain (loss) on sale of investments	36,433	(6,147)
Interest income	<u>107,253</u>	<u>91,703</u>
	213,862	151,571
Externally Restricted Endowment Fund		
Income recognized in restricted fund	<u>3,666</u>	<u>3,508</u>
Total investment income	<u>\$ 217,528</u>	<u>\$ 155,079</u>

4. Marketable securities at fair market value	<u>2025</u>	<u>2024</u>
Unrestricted Fund		
Equities quoted in an active market	\$ 7,151,561	\$ 6,397,656
Guaranteed investment certificates and cash equivalents	463,114	575,185
Endowment Fund		
Equities quoted in an active market	143,732	132,752
Guaranteed investment certificates and cash equivalents	<u>12,969</u>	<u>7,037</u>
	<u>\$ 7,771,376</u>	<u>\$ 7,112,630</u>

5. Deferred revenue

The deferred revenue relates to funding received from the Province of Nova Scotia to investigate the feasibility of a childcare centre facility near the hospital. These funds, if not used, are to be repaid to the Province. The Foundation received \$264,000 and has spent \$64,423 in relation to this project as of March 31, 2025.

6. Commitment

The Foundation has authorized the purchase of various equipment at a total cost of \$2,511,707 (2024 - \$1,971,450). The disbursements are to be made on delivery of equipment, expected to occur during the 2025/26 fiscal year.

Valley Regional Hospital Foundation

Notes to the Financial Statements

March 31, 2025

7. Subsequent event

Subsequent to year-end, there was a significant in-kind donation made by the Kings County Children's Foundation through a transfer of shares valued at \$2,666,488. These funds are to be used to establish a donor-specified restricted fund, the Children and Youth Wellness Fund. The purpose of this fund shall be to support initiatives that benefit the health and wellness of children and youth in the Annapolis Valley.

8. Financial instruments

The Foundation is exposed to risk related to its financial instruments as follows:

Credit risk

The Foundation has determined that the financial assets with credit risk exposure are accounts receivable since failure of any of these parties to fulfil their obligations could result in a financial loss for the Foundation.

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 market interest rates. The Foundation is exposed to interest rate risk with respect to its investments in bonds.

Other price risk

The Foundation is exposed to other price risk on its investment in equities quoted in an active market since changes in market prices could result in changes in the fair values of these instruments.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to currency risk on their US and International investments as changes in foreign exchange rates could result in changes in the fair values of these instruments. At March 31, 2025, the Foundation has \$847,093 (2024- \$748,897) in US equities and \$441,666 (2024 - \$481,907) in International equities.

Liquidity risk

The Foundation's liquidity risk represents the risk that the Foundation could encounter difficulty in meeting obligations associated with its financial liabilities. The Foundation is therefore exposed to liquidity risk with respect to its payables.