

The Bermuda Hospitals Charitable Foundation
(a company limited by guarantee)

Financial Statements
March 31, 2021
(expressed in Bermuda dollars)



Independent auditor's report

To the Board of Directors and Member of The Bermuda Hospitals Charitable Foundation

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the financial statements present fairly, in all material respects, the financial position of The Bermuda Hospitals Charitable Foundation (the Charity) as at March 31, 2021, and the results of its operations and its cash flows for the period from incorporation then ended in accordance with Accounting Standards for Not-For-Profit Organizations in Bermuda and Canada.

What we have audited

The Charity's financial statements comprise:

- the balance sheet as at March 31, 2021;
- the statement of operations and changes in net assets for the period then ended;
- the statement of cash flows for the period then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

In common with many not-for-profit organizations, the Charity derives revenue from individual and corporate donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Charity. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures and cash flows from operating activities for the period ended March 31, 2021, current assets and net assets as at March 31, 2021.

We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Charity in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.



Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Not-For-Profit Organizations in Bermuda and Canada, 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 Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

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 auditing standards generally accepted in Bermuda and Canada 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 auditing standards generally accepted in Bermuda and Canada, we exercise professional judgment and maintain professional scepticism 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 Charity'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 Charity'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 Charity 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.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Hamilton, Bermuda

March 9, 2022

**THE BERMUDA HOSPITALS CHARITABLE FOUNDATION
BALANCE SHEET**

As at March 31, 2021

	2021
	\$
Assets	
Current assets	
Cash	954,726
Accounts receivable	847
	<u>955,573</u>
Non-current assets	
Property and equipment (note 3)	<u>12,544</u>
Total assets	<u>968,117</u>
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	<u>14,385</u>
Total liabilities	14,385
Net assets	<u>953,732</u>
Total liabilities and net assets	<u>968,117</u>

Approved by the Trustees:

_____ Trustee _____ Trustee

The accompanying notes are an integral part of these financial statements.

THE BERMUDA HOSPITALS CHARITABLE FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the period from incorporation to March 31, 2021

	Incorporation to March 31, 2021
	\$
Revenue	
Donations and contributions (note 7)	785,538
Donation from The Bermuda Hospitals Charitable Trust (note 9)	1,327,891
Dividends and interest income	-
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	2,113,429
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Expenditures	
Donations	1,000,000
Salaries and related expenses	116,493
Other operating expenses (note 4)	43,204
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Total expenditures	1,159,697
Excess of revenue over expenditures	953,732
Net assets - At incorporation	-
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Net assets - End of period	953,732
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The accompanying notes are an integral part of these financial statements.

THE BERMUDA HOSPITALS CHARITABLE FOUNDATION
STATEMENT OF CASH FLOWS

For the period from incorporation to March 31, 2021

	Incorporation to March 31, 2021
	\$
Cash flows from operating activities	
Excess of revenue over expenditures	953,732
Items not affecting cash:	
Depreciation	2,751
Property and equipment donated by The Bermuda Hospitals Charitable Trust	(15,295)
Changes in assets and liabilities:	
Accounts receivable	(847)
Accounts payable and accrued liabilities	14,385
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Net cash provided by operating activities	954,726
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Increase in cash	954,726
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Cash - At incorporation	-
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Cash - End of period	954,726
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The accompanying notes are an integral part of these financial statements.

THE BERMUDA HOSPITALS CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(expressed in Bermuda dollars)

1. Purpose of the organization

The Bermuda Hospitals Charitable Foundation (the "Foundation") was incorporated on October 4, 2018 in Bermuda as a company limited by guarantee, for the purposes of continuing and expanding upon the operations and activities currently carried out by The Bermuda Hospitals Charitable Trust (the "Trust"). The Trust is the sole member of the Foundation, with certain Directors representing both organizations.

The Trustees of the Trust approved the contribution by the Trust to the Foundation of substantially all of the Trust's assets, after settlement of its outstanding liabilities, for no consideration, and during the year ended March 31, 2021 contributed a significant portion of its assets to the Foundation. Refer to note 9.

Since that time the primary purpose of the Trust has been to act as the sole member of the Foundation, and the Foundation's overall goal is to raise funds to further the charitable objectives of the Bermuda Hospitals Board, including purchase of medical equipment, supplies, plant and machinery and infrastructure of all types, and to supply these to any of the facilities under the supervision of the Bermuda Hospitals Board.

2. Significant accounting policies

The accompanying financial statements are prepared in accordance with Accounting Standards for Not-for-Profit Organizations in Bermuda and Canada ("ASNPO"). The preparation of financial statements in conformity with ASNPO 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 the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates. The following are the significant accounting policies adopted by the Foundation to prepare its financial statements.

(a) Revenue and deferred donations

The Foundation follows the deferral method of accounting for donations as follows:

- i. Restricted or deferred donations relating to specific expenditures are initially recorded at fair value and deferred in the balance sheet and recognised as revenue in the year in which the related expenses are incurred.
- ii. Unrestricted donations are recognised as revenue in the year received.

Pledged donations are recognized as a receivable when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured. Restricted pledges are recognized as revenue in the year in which the related expenses are incurred while unrestricted pledges are recognized as revenue in the year received or deemed receivable.

**THE BERMUDA HOSPITALS CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2021

(expressed in Bermuda dollars)

2. Significant accounting policies (continued)

(b) Contributed assets and services

The Foundation recognises all contributed assets and services as part of donations in the statement of operations for which the fair value is readily determinable.

Volunteers contribute a significant amount of time to assist the Foundation with its goals. Because of the difficulty of determining their fair value, volunteer contributed services are not recognized in the financial statements.

(c) Property and equipment

Property and equipment consist of computers and office equipment which are amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and fittings	3 - 5 years
Computer software	10 years

(d) Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Foundation subsequently measures its financial assets and financial liabilities at amortized cost. Amortization is recorded using the effective interest rate method.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. The carrying amounts approximate fair value due to the short-term nature of these financial instruments.

Financial assets are tested for impairment at the end of each reporting period when there are indications that the assets may be impaired.

THE BERMUDA HOSPITALS CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(expressed in Bermuda dollars)

3. Property and equipment

Property and equipment consist of:

	Cost or fair value at date of receipt	Accumulated amortization	Net book value 2021
	\$	\$	\$
Computer software	14,635	2,091	12,544
Furniture & fittings	660	660	-
	15,295	2,751	12,544

During the period, the Trust contributed to the Foundation property and equipment, for which a fair value was determined of \$15,295.

4. Other operating expenses

Other operating expenses consist of:

	2021
	\$
Professional services	13,835
Audit fee – donated (note 7)	15,000
Office and administration	7,344
Depreciation	2,751
Bank charges	708
Fundraising expenses	3,566
	43,204

5. Pension contributions

The Foundation maintains a defined contribution pension plan in accordance with The National Pension Scheme (Occupational Pension) Act 1998, which is administered by Bermuda Life Insurance Company Limited and covers all employees. During the period, the Foundation made contributions of \$5,000 into the plan.

THE BERMUDA HOSPITALS CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(expressed in Bermuda dollars)

6. Capital disclosures

The Foundation defines capital, for its own purposes, as the unrestricted cumulative excess of revenues over expenditures. During the period from incorporation, the Foundation's objective when managing capital was to hold sufficient unrestricted net assets to enable it to withstand negative unexpected financial events and continue as a going concern. The Foundation seeks to achieve this objective by minimizing its exposure to financial leverage and variable financial obligations and by holding cash to maintain sufficient liquidity to enable it to meet its obligations as they become due. As at March 31, 2021 the Foundation's unrestricted capital amounted to \$953,732. The Foundation is not subject to any externally imposed requirements on capital.

7. Contributed services

For the period ended March 31, 2021, donated audit fees of \$15,000 are recognised within donations and contributions in the statement of operations, and the related expenses are recognized as part of the expenditures of the Foundation.

8. Financial instruments

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations as at March 31, 2021.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Foundation controls liquidity risk by management of working capital and cash flows. At March 31, 2021, the Foundation has sufficient cash to pay its various expenses.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risk arises principally from the Foundation's cash and accounts receivable.

The Foundation only deposits cash with major banks of high quality credit standing. The Foundation is not exposed to significant credit risk on its cash. The Foundation considers all accounts receivable balances to be recoverable and no allowance for impairment has been made.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation is not significantly exposed to market risk.

THE BERMUDA HOSPITALS CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(expressed in Bermuda dollars)

9. *The Bermuda Hospitals Charitable Trust*

As described in note 1, the Trustees of the Trust approved the contribution, via donation, by the Trust to the Foundation of substantially all of the Trust's assets, after settlement of its outstanding liabilities, for no consideration. During the year ended March 31, 2021 a total of \$1,327,891, including property and equipment totaling \$15,295, has been donated to the Foundation, which held no assets or liabilities and had no operating activities prior to this date.

10. *COVID-19*

The spread of COVID-19 (Coronavirus) has had a significant impact on the Bermuda economy and the daily lives of its citizens, and has the potential to impact the financial performance and operations of the Foundation. It is currently uncertain what the ultimate magnitude of any impact may be.

In the meantime, the Directors have taken measures to preserve the Foundation's operations and the health and safety of its staff and volunteers. The Board continue to monitor the evolving situation and, in respect of the Foundation's operations, the need for measures to be taken to reduce operating costs as well as to optimize working capital.

11. *Donation for cardiology department*

Whilst there are no formal externally imposed restrictions on the donations receipted by the Foundation during the period, the Board have determined that an amount of \$500,000 will be specifically utilised for the provision of support to the cardiology department of Bermuda's hospital.