

Bermuda Hospitals Charitable Foundation
(a company limited by guarantee)

Financial Statements

March 31, 2024

(expressed in Bermuda dollars)



Independent auditor's report

To the Board of Directors and Member of 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 Bermuda Hospitals Charitable Foundation (the Charity) as at March 31, 2024, and the results of its operations and its cash flows for the year 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, 2024;
- the statement of operations and changes in net assets for the year then ended;
- the statement of cash flows for the year 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 (deficiency) of revenue over expenditures and cash flows from operating activities for the years ended March 31, 2024 and March 31, 2023, current assets and net assets as at March 31, 2024 and March 31, 2023. In addition to the modification to our audit opinion for the current year, our audit opinion for the prior year was also modified accordingly because of the possible effects of this limitation in scope.

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


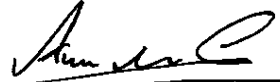
August 16, 2024

**BERMUDA HOSPITALS CHARITABLE FOUNDATION
BALANCE SHEET**

As at March 31, 2024
(expressed in Bermuda dollars)

	General fund \$	Restricted Fund \$	Total 2024 \$	Total 2023 \$
Assets				
Current assets				
Cash and cash equivalents (notes 2f and 11)	54,750	1,283,786	1,338,536	152,883
Accounts receivable	-	-	-	6,564
Marketable securities (note 4)	119,890	-	119,890	100,316
Non-current assets				
Property and equipment (note 5)	-	-	-	8,362
Total assets	174,640	1,283,786	1,458,426	268,125
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	16,770	-	16,770	22,311
Total liabilities	16,770	-	16,770	22,311
Net assets	157,870	1,283,786	1,441,656	245,814
Total liabilities and net assets	174,640	1,283,786	1,458,426	268,125

Approved by the Board of Directors:


Director

Director

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

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

For the year ended March 31, 2024
(expressed in Bermuda dollars)

	General fund \$	Restricted Fund \$	Total 2024 \$	Total 2023 \$
Revenue				
Corporate donations	75,825	1,326,868	1,402,693	755,300
Individual donations	3,970	17,033	21,003	100
Donated services (Note 2)	27,500	-	27,500	26,250
Donation from The Bermuda Hospitals Charitable Trust (note 12)	-	-	-	104,355
Investment income	4,796	-	4,796	457
Realized and Unrealized gain and losses	25,433	-	25,433	-
Total Revenue	137,524	1,343,901	1,481,425	886,462
Expenditures				
Donations	-	60,115	60,115	1,589,822
Salaries and related expenses	138,244	-	138,244	31,619
Other operating expenses (note 6)	87,224	-	87,244	115,609
Total expenditures	225,468	60,115	285,583	1,737,050
Excess (deficiency) of revenue over expenditures	(87,944)	1,283,786	1,195,842	(850,588)
Net assets – Beginning of year	245,814	-	245,814	1,096,402
Net assets – End of year	157,870	1,283,786	1,441,656	245,814

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

**BERMUDA HOSPITALS CHARITABLE FOUNDATION
STATEMENT OF CASH FLOWS**

For the year ended March 31, 2024
(expressed in Bermuda dollars)

	General fund \$	Restricted Fund \$	Total 2024 \$	Total 2023 \$
Cash flows from operating activities				
Excess (deficiency) of revenue over expenditure	(87,944)	1,283,786	1,195,842	(850,588)
Items not affecting cash:				
Unrealized gain on marketable securities	(19,574)	-	(19,574)	-
Depreciation	8,362	-	8,362	2,091
Donated marketable securities (note 11)	-	-	-	(100,316)
Changes in assets and liabilities:				
Accounts receivable	6,564	-	6,564	(3,751)
Accountants payable and accrued liabilities	(5,541)	-	(5,541)	11,811
Net cash provided by (used in) operating activities	<u>(98,133)</u>	1,283,786	1,185,653	<u>(940,753)</u>
Increase (decrease) in cash & cash equivalents	(98,133)	1,283,786	1,185,653	(940,753)
Cash & cash equivalents – Beginning of year	<u>152,883</u>	-	<u>152,883</u>	<u>1,093,636</u>
Cash & cash equivalents – End of year	<u>54,750</u>	1,283,786	1,338,536	<u>152,883</u>

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

BERMUDA HOSPITALS CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2024

(expressed in Bermuda dollars)

1. Purpose of the organization

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 historically carried out by The Bermuda Hospitals Charitable Trust (the "Trust"). The Trust is the sole member of the Foundation, with certain Trustees and Directors consistent across both organizations.

In 2020 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. The Trust contributed its assets to the Foundation in the 2021-2023 years. Refer to note 12.

The primary purpose of the Trust is to act as the sole member for 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

These financial statements are prepared in accordance with accounting standards for not-for-profit organisations generally accepted in Bermuda and Canada ("ASNFP") contained in Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook – Accounting, and include the following significant accounting policies:

(a) Use of estimates

The preparation of financial statements in accordance with ASNFP 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 income and expenses during the year. Actual results could differ from those estimates.

Management review all significant estimates affecting the financial statements on a recurring basis and record the effect of any necessary adjustments in revenue or expenses as appropriate in the year they became known.

(b) Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. The purpose of the restricted fund method is to ensure that limitations and restrictions placed on the use of resources are observed. Assets, liabilities, fund balances, revenues and expenses are classified into various fund groups according to their nature and purpose.

The Foundation uses the following fund groups:

General Fund, which includes resources in support of the Foundation's operations and any other primary objective of the Foundation.

Restricted Fund, which represents resources, including donations, which are specifically designated for the King Edward VII Memorial hospital (the "hospital"), including funding for specific projects, activities or programmes.

BERMUDA HOSPITALS CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2024
(expressed in Bermuda dollars)

2. Significant accounting policies (continued)

(b) Revenue recognition (continued)

Contributions are recognised as revenue in the appropriate fund in the period the funds are received.

The Foundation recognizes all contributed assets and services as part of donations in the statement of operations for which the fair value is readily determinable. Volunteers contribute time to assist the Foundation with its goals. Due to the difficulty in determining the fair value of such volunteer services, no amounts are recognised in the financial statements.

Contributions receivable are recognised as an asset only if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

(c) 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.

(d) Cash and cash equivalents

The Foundation considers all money market funds with a weighted average maturity of the fund's securities holdings not exceeding 90 days along with the Foundation's ability to redeem the fund's shares daily as cash and cash equivalents.

(e) Marketable securities

Investments comprise marketable securities. Investments in quoted equity securities are carried at fair value. Changes in fair value are recognized in the statement of operations. The fair value of investments is determined by reference to their quoted market price. Investment income is recognized on an accrual basis.

Investments in unquoted equity securities are carried at cost.

(f) 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

BERMUDA HOSPITALS CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2024
(expressed in Bermuda dollars)

2 Significant accounting policies (continued)

(g) Related parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Directors, officers, and other related interests that directly or indirectly control or are controlled by or under common control are considered related parties.

3. Net assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

General fund net assets – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and Board of Directors.

Restricted fund net assets – Net assets subject to stipulations imposed by donors and grantors. At March 31, 2024, donor restrictions are temporary in nature and will be met by the actions of the Foundation or by the passage of time.

Donor restricted contributions are reported as increases in restricted fund net assets. When a restriction expires, net assets are reclassified from restricted net assets to unrestricted net assets in the statement of operations and net assets.

4. Marketable securities

	No. of shares 2024	Cost 2024 \$	Fair value 2024 \$
At fair value:			
BF&M Limited	3,907	58,605	97,714
At cost:			
Masters Ltd.	1,152	22,176	38,700
		80,781	136,416

BERMUDA HOSPITALS CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2024

(expressed in Bermuda dollars)

5. Property and equipment

Property and equipment consist of:

	Cost or fair value at date of receipt \$	Accumulated amortization \$	Net book value 2024 \$	Net book value 2023 \$
Computer software	14,635	14,635	-	8,362
Furniture & fittings	660	660	-	-
	<u>15,295</u>	<u>15,295</u>	-	<u>8,362</u>

6. Other operating expenses

Other operating expenses consist of:

	2024 \$	2023 \$
Professional services	25,098	74,574
Audit fee – donated (note 9)	27,500	26,250
Office and administration	5,145	7,972
Depreciation	8,362	2,091
Bank charges	19,635	1,475
Fundraising expenses	1,484	3,247
	<u>87,224</u>	<u>115,609</u>

7. 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 year, the Foundation made contributions of \$6,300 (2023: \$1,413) into the plan.

8. Capital disclosures

The Foundation defines capital, for its own purposes, as the unrestricted cumulative excess of revenues over expenditures. During the year, 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, 2024 the Foundation's unrestricted capital amounted to \$157,870 (2023: \$245,814). The Foundation is not subject to any externally imposed requirements on capital.

BERMUDA HOSPITALS CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2024
(expressed in Bermuda dollars)

9. Contributed services

For the year ended March 31, 2024, donated audit fees of \$27,500 (2023: \$26,250) 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.

10. 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, 2024.

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, 2024, 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 cash equivalents 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 mainly exposed to market risk through its investments, the majority of which are quoted on the Bermuda Stock Exchange and monitored by management.

11. Restricted donations

Included within restricted donations received during the year is an amount of \$1,241,868 received from a private Bermuda Will Trust. This restricted donation can be utilized for the purchase of certain acute care equipment and renovations to the Special Care Baby Unit together with associated costs for a broader fundraising campaign for the hospital. At March 31, 2024, these funds have not yet been utilised by the Foundation in respect of the above activities.

12. The Bermuda Hospitals Charitable Trust

As described in note 1, in previous years 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.

In the prior year, a total of \$104,355, comprising marketable securities totaling \$100,316 and related dividend income of \$4,039, was donated to the Foundation. During the current year, there were no contributions from the Trust to the Foundation.

BERMUDA HOSPITALS CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2024

(expressed in Bermuda dollars)

13. *Change in accounting policy*

In order to present the Foundation's financial information in a manner more appropriately aligned to its current and expected future activities, which are anticipated to include an increased level of restricted contributions, during the year the Foundation changed its accounting policy in respect of revenue recognition and fund accounting from the 'deferral method' to the 'restricted fund method' described in note 2(b).

As a result of this change in accounting policy, which has been retrospectively applied, there was no impact to the previously reported financial information of the Foundation.

14. *Changes to prior period presentation*

Certain prior period figures in the statement of operations and changes in net assets have been reclassified to conform to current year presentation.