

Financial Statements of

**JOSEPH BRANT  
HOSPITAL FOUNDATION**

And Independent Auditors' Report thereon

Year ended March 31, 2021



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## INDEPENDENT AUDITORS' REPORT

To the Members of Joseph Brant Hospital Foundation

### ***Opinion***

We have audited the accompanying financial statements of Joseph Brant Hospital Foundation (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



### ***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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' 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 auditors' 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 25, 2021

# JOSEPH BRANT HOSPITAL FOUNDATION

## Statement of Financial Position

March 31, 2021, with comparative information for 2020

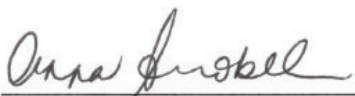
	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,148,219	\$ 4,714,733
Accounts receivable (note 15)	80,794	12,524
HST rebate receivable	18,063	11,759
Cash surrender value (note 3)	2,884,228	2,241,427
Prepaid expenses	22,483	34,549
Investments (note 4)	6,511,052	6,351,709
Total current assets	17,664,839	13,366,701
Capital assets, net (note 5)	45,394	26,817
Total assets	\$ 17,710,233	\$ 13,393,518


## Liabilities and fund balances

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 280,393	\$ 283,236
HST payable	108	93
Grants payable to Joseph Brant Hospital	301,614	271,987
Deferred revenue	46,200	25,000
Total current liabilities	628,315	580,316
Fund balances:		
Undesignated fund	7,920,329	6,010,192
Designated fund (note 7)	2,560,906	2,174,051
Endowment fund	6,600,683	4,628,959
Total fund balances	17,081,918	12,813,202
Commitments (notes 9 and 12)		
COVID-19 (note 16)		
Total liabilities and fund balances	\$ 17,710,233	\$ 13,393,518

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# JOSEPH BRANT HOSPITAL FOUNDATION

## Statement of Operations and Changes in Fund Balances

Year ended March 31, 2021, with comparative information for 2020

	Undesignated fund	Designated fund	Endowment fund	2021 Total	2020 Total
<b>Revenues:</b>					
Fundraising revenue (note 10)	\$ 4,191,987	\$ 1,004,799	\$ 102,801	\$ 5,299,587	\$ 6,924,057
Investment income	101,068	2,328	440,603	543,999	505,616
Unrealized (loss) gain on investments	–	–	1,443,740	1,443,740	(506,756)
	4,293,055	1,007,127	1,987,144	7,287,326	6,922,917
<b>Expenses:</b>					
Operating (notes 11, 15)	1,876,828	–	–	1,876,828	2,444,031
Excess of revenues over expenses before grants	2,416,227	1,007,127	1,987,144	5,410,498	4,478,886
Grants (note 12)	(546,817)	(594,965)	–	(1,141,782)	(6,560,626)
Excess of revenues over expenses (expenses over revenue)	1,869,410	412,162	1,987,144	4,268,716	(2,081,740)
Fund balance, beginning of year	6,010,192	2,174,051	4,628,959	12,813,202	14,894,942
Interfund transfers (note 8)	40,727	(25,307)	(15,420)	–	–
<b>Fund balance, end of year</b>	<b>\$ 7,920,329</b>	<b>\$ 2,560,906</b>	<b>\$ 6,600,683</b>	<b>\$ 17,081,918</b>	<b>\$ 12,813,202</b>

See accompanying notes to financial statements.

# JOSEPH BRANT HOSPITAL FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Donations, net of expenses	\$ 3,422,759	\$ 4,480,026
Investment income	543,999	505,616
Increase in cash surrender value	(642,801)	(536,082)
Depreciation, not requiring cash	17,222	12,787
Changes in non-cash working capital (note 14)	(14,509)	(2,075,787)
	<u>3,326,670</u>	<u>2,386,560</u>
Investing activities:		
Purchase of capital assets	(35,799)	–
Purchase of investments	(340,000)	–
Decrease (increase) in cost basis of investments	<u>1,624,397</u>	<u>(256,036)</u>
	<u>1,248,598</u>	<u>(256,036)</u>
Grants to Joseph Brant Hospital	(1,141,782)	(6,560,626)
Increase (decrease) in cash and cash equivalents	<u>3,433,486</u>	<u>(4,430,102)</u>
Cash and cash equivalents, beginning of year	4,714,733	9,144,835
Cash and cash equivalents, end of year	<u>\$ 8,148,219</u>	<u>\$ 4,714,733</u>

See accompanying notes to the financial statements.

# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

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## 1. Purpose of the Organization:

The Joseph Brant Hospital Foundation ("Foundation") is incorporated under the Province of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

The purpose of the Foundation is to raise and administer funds to provide for the urgent funding needs of the Joseph Brant Hospital ("Hospital").

## 2. Significant accounting policies:

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

### (a) Fund accounting:

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

#### **Undesignated Fund**

The Undesignated Fund records unrestricted donations.

Investment income earned on the unrestricted funds, certain restricted funds and internally restricted funds is recorded in the Undesignated Fund.

All of the Foundation's salaries and benefits and other operating expenses are charged to the Undesignated Fund.

#### **Designated Fund**

The Designated Fund records donations that are restricted by the donors.

The balance in the Designated Fund represents various funds, all of which must be spent as specified by the donors.

None of the Foundation's salaries and benefits and operating expenses were charged to the Designated Fund in the current year or prior year.

Investment income earned on these various funds and on the externally restricted portion of the Endowment Funds is recorded in the Designated Fund.



# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

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## 2. Significant accounting policies (continued):

### (a) Fund accounting (continued):

#### **Endowment Fund**

The Endowment Fund records resources that have been contributed to the Foundation with the stipulation that the capital amount be permanently retained (externally restricted). Investment income earned on these funds is recorded in Designated Fund. The principal portion of the endowment is invested in an investment portfolio whereby any market fluctuations will be recorded in the Endowment Fund.

### (b) Capital assets:

Capital assets are stated at cost. Amortization is provided annually on the straight-line basis over five years. Contributed capital assets received for the benefit of the Hospital are recorded at fair value at the time of receipt.

### (c) Revenue recognition:

Restricted contributions related to general operations are recognized as revenue of the Undesignated Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate Designated Fund.

Unrestricted contributions are recognized as revenue of the Undesignated Fund in the year received.

Investment income earned on the Endowment Fund principal invested in an investment portfolio is recognized as revenue in the Endowment Fund. Investment income on Undesignated Fund and Designated Fund resources are recognized as revenue in the respective fund. Other investment income is recognized as revenue of the Undesignated Fund when earned.

### (d) Contributed materials and services:

Donated materials, when received, are reflected in donation revenue and expenses of the Undesignated Fund. A number of volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

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## 2. Significant accounting policies (continued):

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (f) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

### (g) Government Assistance:

The Foundation applies for financial assistance under available government incentive programs. Government assistance related to current expenses and revenue is included in the determination of the excess of revenues over expenses for the period. The Foundation recognizes government assistance as a direct reduction to the related expense that the grant is intended to offset.

## 3. Cash surrender value:

The Foundation has received a donation in the form of an insurance policy. This policy has been irrevocably transferred to the Foundation. The Foundation has included within the financial statements the life insurance policy which includes a cash surrender value option. The amount recorded is the cash surrender value that the Foundation is currently entitled to at March 31, 2021.

# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

## 4. Investments:

	2021 Cost	2021 Market	% of Total
Cash & Cash Equivalents	\$ 112,181	\$ 120,261	2%
Fixed Income	2,340,452	2,478,363	38%
Equities	2,975,575	3,912,428	60%
	<u>\$ 5,428,208</u>	<u>\$ 6,511,052</u>	<u>100%</u>

	2020 Cost	2020 Market	% of Total
Cash & Cash Equivalents	\$ 2,300,817	\$ 2,309,689	36%
Fixed Income	2,176,235	2,028,163	32%
Equities	2,234,741	2,013,857	32%
	<u>\$ 6,711,793</u>	<u>\$ 6,351,709</u>	<u>100%</u>

	2021	2020
Change in market investments during the year:		
Opening value of investments	\$ 6,351,709	\$ 6,602,429
Proceeds on redemption of investments	(2,065,000)	—
Purchase of investments	340,000	—
Interest earned	440,603	256,036
Increase (decrease) in unrealized gains and losses	1,443,740	(506,756)
	<u>\$ 6,511,052</u>	<u>\$ 6,351,709</u>

# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

## 5. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Equipment and furniture	\$ 378,541	\$ 333,147	\$ 45,394	\$ 26,817

## 6. Due to Joseph Brant Hospital:

Included in accounts payable and accrued liabilities is \$228,117 (2020 - \$259,292) due to the Joseph Brant Hospital (the "Hospital"). The amount due represents amounts payable for payment of accounts payable and payroll, and are non-interest bearing, unsecured and without fixed terms of repayment. These amounts are measured at the exchange amount at the time of the transaction agreed to by the related parties.

Included in the Hospital balance is government remittances payable of \$28,170 (2019 - \$25,205), which includes amounts payable for payroll related taxes.

## 7. Designated fund:

Designated funds are subject to externally and internally imposed restrictions. Major categories of imposed restrictions on net assets are as follows:

	2021	2020
Education and training	\$ 52,076	\$ 64,657
Endowment funds	171,796	169,469
Equipment	912,835	657,665
Labour & Delivery	863,212	813,888
Mental Health	406,102	421,925
Redevelopment	79,750	-
Renovations	75,135	46,447
	\$ 2,560,906	\$ 2,174,051

Externally imposed restrictions for the Endowment Fund are reflected as \$6,600,683 (2020 - \$4,628,959) in the Endowment Fund and \$171,796 (2020 - \$169,469) in the Designated Fund.

# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

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## 8. Interfund transfers and internally restricted net assets:

During the year, the following interfund transfers took place:

- a) \$68,639 was transferred from the Designated Fund to the unrestricted Undesignated Fund in adherence to the Designated Gift Allocation policy.
- b) \$15,420 was transferred from the externally restricted Endowment Fund to the unrestricted Undesignated Fund in adherence to the Designated Gift Allocation policy.
- c) \$43,332 was transferred from the unrestricted Undesignated Fund to the Designated Fund to reflect the net proceeds from an internal event to be designated.

During the prior year, the following interfund transfers took place:

- a) \$63,600 was transferred from the Designated Fund to the unrestricted Undesignated Fund in adherence to the Designated Gift Allocation policy.
- b) \$60,000 was transferred from the externally restricted Endowment Fund to the unrestricted Undesignated Fund in adherence to the Designated Gift Allocation policy.
- c) \$34,443 was transferred from the unrestricted Undesignated Fund to the Designated Fund to reflect the net proceeds from an internal event to be designated.

## 9. Commitments:

- (a) Letter of guarantee:

The Foundation has a letter of guarantee through its financial institution to provide a guarantee to the City of Burlington. The outstanding letter of guarantee is for \$49,500.

- (b) Operating lease commitment:

The Foundation entered into a revised lease agreement on March 1, 2020 for office equipment with the term ending in 2025.

The future minimum annual payments under this operating lease consist of the following:

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2022	\$	1,072
2023		1,072
2024		1,072
2025		1,072
	\$	4,288

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# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

## 10. Fundraising revenue:

	2021	2020
Donations	\$ 4,515,513	\$ 6,094,076
Special events	620,841	664,627
Lottery	163,233	165,354
	<u>\$ 5,299,587</u>	<u>\$ 6,924,057</u>

## 11. Operating expenses:

	2021	2020
Salaries and benefits	\$ 1,241,101	\$ 1,727,359
Fundraising	393,566	483,330
Operating and administrative	224,939	220,555
Depreciation	17,222	12,787
	<u>\$ 1,876,828</u>	<u>\$ 2,444,031</u>

## 12. Grants to Joseph Brant Hospital:

The Foundation is completing its commitment to the Capital Redevelopment project and has made cumulative contributions as at March 31, 2021 of approximately \$50.1 million. The Foundation anticipates to reach its full commitment to the project in Fiscal 2021-2022 with a final contribution of \$7.1 million.

Grants to Joseph Brant Hospital were for the following purposes:

	2021	2020
Capital Redevelopment – Local Share Plan	\$ –	\$ 5,500,000
Operating Grant	350,000	350,000
Critical Needs Equipment	290,591	428,428
Renovations	27,198	–
Other	473,993	282,198
	<u>\$ 1,141,782</u>	<u>\$ 6,560,626</u>

The Foundation has an outstanding commitment to the Hospital of \$27,000 at March 31, 2021 (2020 - \$171,700) for equipment. The Foundation has raised and collected some of these funds but the Hospital has not yet incurred these expenditures.

# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

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## 13. Financial instruments:

### (a) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The Foundation's investment activities are applied in accordance with the Foundation's investment policy and monitored by management and the Board of Directors.

### (b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

## 14. Change in non-cash operating working capital:

	2021	2020
Accounts receivable	\$ (68,270)	\$ 3,557
HST rebate receivable	(6,304)	11,325
Prepaid expenses	12,066	(4,199)
Account payable and accrued liabilities	(2,843)	(428,134)
HST payable	15	8
Grants payable to Joseph Brant Hospital	29,627	(1,658,344)
Deferred revenue	21,200	-
	<u>\$ (14,509)</u>	<u>\$ (2,075,787)</u>

## 15. Government Assistance

On April 11, 2020, the Government of Canada enacted the Canada Emergency Wage Subsidy ("CEWS") that is available to any employer, subject to eligibility criteria, whose business has been adversely affected by COVID-19. The first subsidy claim period began on March 15, 2020. The eligibility and application of the CEWS is assessed over multiple claim periods.

The Foundation has qualified for this subsidy from the March 15, 2020 effective date through the year end date of March 31, 2021 and has accordingly, applied for each of the CEWS periods it was eligible for throughout the year, and will continue to apply for future periods, subject to continuing to meet the applicable qualification criteria, which is based on total revenues for that period.

# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

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## 15. Government Assistance (continued)

The Foundation has recorded total wage subsidy funding of \$443,623 for the year ended March 31, 2021, which has been recorded as a reduction in related payroll expenses in the statement of operations. In addition to the CEWS subsidy, the Foundation also received \$20,343 by way of the Temporary Wage Subsidy ("TWS").

As at March 31, 2021, \$65,085 is included in accounts receivable on the balance sheet related to these assistance programs.

## 16. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal and Provincial Governments which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at March 31, 2021, COVID-19 has had impact on the Foundation which has led to adverse changes in donations, cash flows, and working capital levels. The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its continued financial effect on future operations at this time. The Foundation has accessed government assistance as further described in note 15.