

Financial Statements of

**JOSEPH BRANT  
HOSPITAL FOUNDATION**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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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, 2022
- 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, 2022, 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 30, 2022

# JOSEPH BRANT HOSPITAL FOUNDATION

## Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 11,477,167	\$ 8,148,219
Accounts receivable (note 15)	17,985	80,794
HST rebate receivable	15,850	18,063
Cash surrender value (note 3)	3,658,178	2,884,228
Prepaid expenses	51,046	22,483
Investments (note 4)	7,174,221	6,511,052
<u>Total current assets</u>	<u>22,394,447</u>	<u>17,664,839</u>
Capital assets, net (note 5)	34,527	45,394
<u>Total assets</u>	<u>\$ 22,428,974</u>	<u>\$ 17,710,233</u>

## Liabilities and fund balances

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 654,820	\$ 280,393
HST payable	128	108
Grants payable to Joseph Brant Hospital	5,472,624	301,614
Deferred revenue	89,383	46,200
<u>Total current liabilities</u>	<u>6,216,955</u>	<u>628,315</u>
Fund balances:		
Undesignated fund	6,271,652	7,920,329
Designated fund (note 7)	2,763,885	2,560,906
Endowment fund	7,176,482	6,600,683
<u>Total fund balances</u>	<u>16,212,019</u>	<u>17,081,918</u>
Commitments (notes 9 and 12)		
<u>Total liabilities and fund balances</u>	<u>\$ 22,428,974</u>	<u>\$ 17,710,233</u>

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, 2022, with comparative information for 2021

	Undesignated fund	Designated fund	Endowment fund	2022 Total	2021 Total
<b>Revenues:</b>					
Fundraising revenue (note 10)	\$ 5,721,662	\$ 820,822	\$ 30,011	\$ 6,572,495	\$ 5,299,587
Investment income	97,635	1,475	600,046	699,156	543,999
Unrealized (loss) gain on investments	–	–	(54,258)	(54,258)	1,443,740
	5,819,297	822,297	575,799	7,217,393	7,287,326
<b>Expenses:</b>					
Operating (notes 11, 15)	2,283,704	–	–	2,283,704	1,876,828
Excess of revenues over expenses before grants	3,535,593	822,297	575,799	4,933,689	5,410,498
Grants (note 12)	(5,359,832)	(443,756)	–	(5,803,588)	(1,141,782)
Excess of revenues over expenses (expenses over revenue)	(1,824,239)	378,541	575,799	(869,899)	4,268,716
Fund balance, beginning of year	7,920,329	2,560,906	6,600,683	17,081,918	12,813,202
Interfund transfers (note 8)	175,562	(175,562)	–	–	–
<b>Fund balance, end of year</b>	<b>\$ 6,271,652</b>	<b>\$ 2,763,885</b>	<b>\$ 7,176,482</b>	<b>\$ 16,212,019</b>	<b>\$ 17,081,918</b>

See accompanying notes to financial statements.

# JOSEPH BRANT HOSPITAL FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Donations, net of expenses	\$ 4,288,791	\$ 3,422,759
Investment income	699,156	543,999
Grants to Joseph Brant Hospital	(5,803,588)	(1,141,782)
Increase in cash surrender value	(773,950)	(642,801)
Depreciation, not requiring cash	15,931	17,222
Changes in non-cash working capital (note 14)	5,625,099	(14,509)
	<u>4,051,439</u>	<u>2,184,888</u>
Investing activities:		
Purchase of capital assets	(5,064)	(35,799)
Purchase of investments	(117,381)	(340,000)
(Increase) decrease in cost basis of investments	(600,046)	1,624,397
	<u>(722,491)</u>	<u>1,248,598</u>
Increase in cash and cash equivalents	<u>3,328,948</u>	<u>3,433,486</u>
Cash and cash equivalents, beginning of year	8,148,219	4,714,733
Cash and cash equivalents, end of year	<u>\$ 11,477,167</u>	<u>\$ 8,148,219</u>

See accompanying notes to the financial statements.

# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2022

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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, 2022

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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, 2022

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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.

# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2022

### 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. During the year-ended March 31, 2022, the Foundation invested \$718,840 into the policy (2021 - \$588,742).

The amount recorded is the cash surrender value that the Foundation is currently entitled to at March 31, 2022.

### 4. Investments:

	2022 Cost	2022 Market	% of Total
Cash & Cash Equivalents	\$ 496,380	\$ 532,874	7%
Fixed Income	2,083,775	2,185,725	31%
Equities	3,560,746	4,455,622	62%
	\$ 6,140,901	\$ 7,174,221	100%

	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%
	\$ 5,428,208	\$ 6,511,052	100%

	2022	2021
Change in market investments during the year:		
Opening value of investments	\$ 6,511,052	\$ 6,351,709
Proceeds on redemption of investments	—	(2,065,000)
Purchase of investments	117,381	340,000
Interest earned	600,046	440,603
Increase in unrealized gains and losses	(54,258)	1,443,740
	\$ 7,174,221	\$ 6,511,052

# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2022

## 5. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Equipment and furniture	\$ 383,605	\$ 349,078	\$ 34,527	\$ 45,394

## 6. Due to Joseph Brant Hospital:

Included in accounts payable and accrued liabilities is \$612,908 (2021 - \$228,117) 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 \$31,172 (2021 - \$30,138), 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:

	2022	2021
Education and training	\$ 49,760	\$ 52,076
Endowment funds	43,008	171,796
Equipment	969,785	912,835
Labour & Delivery	1,092,199	863,212
Mental Health	521,125	406,102
Redevelopment	—	79,750
Renovations	88,008	75,135
	\$ 2,763,885	\$ 2,560,906

Externally imposed restrictions for the Endowment Fund are reflected as \$7,176,482 (2021 - \$6,600,683) in the Endowment Fund and \$43,008 (2021 - \$171,796) in the Designated Fund.

# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2022

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

During the year, the following interfund transfers took place:

- a) \$66,146 was transferred from the Designated Fund to the unrestricted Undesignated Fund in adherence to the Designated Gift Allocation policy.
- b) \$171,069 was transferred from the Designated Fund to the unrestricted Undesignated Fund to fund the capital purchases of the redevelopment.
- c) \$81,023 was transferred from the unrestricted Undesignated Fund to the Designated Fund to reflect the net proceeds from an internal event to be designated.
- d) \$19,573 was transferred from the unrestricted Undesignated Fund to the Designated Fund for fund presentation purposes on the statement of financial position.
- e) \$38,943 was transferred from the Designated Fund to the unrestricted Undesignated Fund to fund critical needs of the Hospital as per the terms of the gift.

During the prior 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.

## 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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2023	\$	1,072
2024		1,072
2025		1,072
		<hr/>
		\$ 3,216

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# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2022

## 10. Fundraising revenue:

	2022	2021
Donations	\$ 6,086,302	\$ 4,515,513
Special events	333,001	620,841
Lottery	153,192	163,233
	<u>\$ 6,572,495</u>	<u>\$ 5,299,587</u>

## 11. Operating expenses:

	2022	2021
Salaries and benefits	\$ 1,515,132	\$ 1,241,101
Fundraising	495,009	393,566
Operating and administrative	257,632	224,939
Depreciation	15,931	17,222
	<u>\$ 2,283,704</u>	<u>\$ 1,876,828</u>

## 12. Grants to Joseph Brant Hospital:

The Foundation is completing its commitment to the Capital Redevelopment project. During the year, the Foundation contributed \$5,000,000 (2021 - \$nil) to the Hospital towards this commitment. Cumulative contributions to the project as at March 31, 2022 total approximately \$55.1 million. The Foundation anticipates to reach its full commitment to the project in Fiscal 2022-2023 with a final contribution of \$2.1 million.

Grants to Joseph Brant Hospital were for the following purposes:

	2022	2021
Capital Redevelopment – Local Share Plan	\$ 5,000,000	\$ –
Operating Grant	350,000	350,000
Critical Needs Equipment	284,046	290,591
Renovations	–	27,198
Other	169,542	473,993
	<u>\$ 5,803,588</u>	<u>\$ 1,141,782</u>

The Foundation has an outstanding commitment to the Hospital of \$108,900 at March 31, 2022 (2021 - \$27,000) 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, 2022

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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:

	2022	2021
Accounts receivable	\$ 62,809	\$ (68,270)
HST rebate receivable	2,213	(6,304)
Prepaid expenses	(28,563)	12,066
Account payable and accrued liabilities	374,427	(2,843)
HST payable	20	15
Grants payable to Joseph Brant Hospital	5,171,010	29,627
Deferred revenue	43,183	21,200
	<u>\$ 5,625,099</u>	<u>\$ (14,509)</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.

During the year-ended March 31, 2022, the Foundation has qualified for this subsidy for certain periods from April 1, 2021 through to October 23, 2021, the date the program ceased, and has accordingly applied for each of the CEWS periods it was eligible for throughout that time period. The ability to apply was subject to continuing to meet the applicable qualification criteria, which is based on total revenues for the period.

# JOSEPH BRANT HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2022

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## **15. Government assistance (continued):**

The Foundation has recorded total wage subsidy funding of \$139,128 for the year ended March 31, 2022, (2021 - \$443,623) which has been recorded as a reduction in related payroll expenses in the statement of operations. In the prior year, the Foundation also received \$20,343 by way of the Temporary Wage Subsidy ("TWS"), in addition to the CEW subsidy. The TWS program ceased in the prior year.

As at March 31, 2022, \$9,136 (2021 - \$65,085) is included in accounts receivable on the balance sheet related to these assistance programs.