Financial Statements of

JOSEPH BRANT
HOSPITAL FOUNDATION

And Independent Auditor’s Report thereon

Year ended March 31, 2024

KPMG LLP
233 Speers Road, Suite 12
Oakville, ON L6K 0J5
Canada
Telephone 905 815 8045
Fax 289 815 0641

INDEPENDENT AUDITOR'S 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, 2024
- 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, 2024, 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 ***"****Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's 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.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor’s 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

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Canada

May 28, 2024

JOSEPH BRANT HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	$ 4,808,999	$ 2,557,445
Accounts receivable	17,236	3,857
HST rebate receivable	24,133	20,580
Cash surrender value (note 3)	3,852,128	3,753,010
Prepaid expenses	52,180	29,410
Investments (note 4)	13,733,170	16,425,849
Total current assets	22,487,846	22,790,151
Capital assets, net (note 5)	83,361	34,042
Total assets	$ 22,571,207	$ 22,824,193
Liabilities and fund balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	$ 504,034	$ 497,807
HST payable	1,204	1,493
Grants payable to Joseph Brant Hospital	290,964	1,522,233
Deferred revenue	20,000	58,750
Total current liabilities	816,202	2,080,283
Fund balances:		
Undesignated fund	11,165,727	10,849,864
Designated fund (note 7)	3,356,108	3,090,635
Endowment fund	7,233,170	6,803,411
Total fund balances	21,755,005	20,743,910
Commitments (notes 9 and 12)		
Total liabilities and fund balances	$ 22,571,207	$ 22,824,193

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, 2024, with comparative information for 2023

	Undesignated fund	Designated fund	Endowment fund	2024 Total	2023 Total
Revenues:					
Fundraising revenue (note 10)	$ 5,853,493	$ 513,366	$ 3,000	$ 6,369,859	$ 11,689,283
Investment income	681,334	2,508	49,230	733,072	660,461
Unrealized gain (loss) on investments	–	–	377,979	377,979	(588,288)
	6,534,827	515,874	430,209	7,480,910	11,761,456
Expenses:					
Operating (note 11)	2,923,181	–	–	2,923,181	3,008,332
Excess of revenues over expenses before grants	3,611,646	515,874	430,209	4,557,729	8,753,124
Grants (note 12)	(3,340,053)	(206,581)	–	(3,546,634)	(4,221,233)
Excess of revenues over expenses	271,593	309,293	430,209	1,011,095	4,531,891
Fund balance, beginning of year	10,849,864	3,090,635	6,803,411	20,743,910	16,212,019
Interfund transfers (note 8)	44,270	(43,820)	(450)	–	–
Fund balance, end of year	$ 11,165,727	$ 3,356,108	$ 7,233,170	$ 21,755,005	$ 20,743,910

See accompanying notes to financial statements.

JOSEPH BRANT HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Donations, net of expenses	$ 3,446,678	$ 8,680,951
Investment income	733,072	660,461
Grants to Joseph Brant Hospital	(3,546,634)	(4,221,233)
Increase in cash surrender value	(99,118)	(94,832)
Depreciation, not requiring cash	20,627	13,174
Changes in non-cash working capital (note 14)	(1,303,783)	(4,105,638)
	(749,158)	932,883
Investing activities:		
Purchase of capital assets	(69,945)	(12,689)
Purchase of investments	(21,214,184)	(21,824,699)
Decrease in cost basis of investments	24,284,841	11,984,783
	3,000,712	(9,852,605)
Increase (decrease) in cash and cash equivalents	2,251,554	(8,919,722)
Cash and cash equivalents, beginning of year	2,557,445	11,477,167
Cash and cash equivalents, end of year	$ 4,808,999	$ 2,557,445

See accompanying notes to the financial statements.

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.

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.

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.

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. No investment was made into the policy during the year-ended March 31, 2024 (2023 - $nil).

The amount recorded is the cash surrender value that the Foundation is currently entitled to at March 31, 2024.

4. Investments:

	2024 Cost	2024 Market	% of Total
Cash & Cash Equivalents	$ 7,037,046	$ 7,069,749	55%
Fixed Income	2,652,891	2,713,966	20%
Equities	3,203,926	3,949,455	25%
	$12,893,863	$13,733,170	100%

	2023 Cost	2023 Market	% of Total
Cash & Cash Equivalents	$10,071,192	$10,090,712	61%
Fixed Income	2,676,902	2,601,754	16%
Equities	3,226,350	3,733,383	23%
	$15,974,444	$16,425,849	100%

	2024	2023
Change in market investments during the year:		
Opening market value of investments	$ 16,425,849	$ 7,174,221
Proceeds on redemption of investments	(24,333,542)	(12,200,000)
Purchase of investments	21,214,184	21,824,699
Interest earned	48,700	215,217
Decrease (Increase) in unrealized gains (losses)	377,979	(588,288)
	$ 13,733,170	$ 16,425,849

5. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Equipment and furniture	$ 466,239	$ 382,878	$ 83,361	$ 34,042

6. Due to Joseph Brant Hospital:

Included in accounts payable and accrued liabilities is $412,589 (2023 - $390,568) due to the Joseph Brant Hospital (the “Hospital”). The amount due represents amounts payable for payment of accounts payable and payroll related liabilities, 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 $150 (2023 - $1,535), which includes amounts payable for payroll related liabilities.

7. Designated fund:

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

	2024	2023
Education and training	$ 62,263	$ 48,887
Endowment funds	47,153	44,646
Equipment	1,278,157	1,159,210
Labour & Delivery	1,166,046	1,137,760
Mental Health	623,399	521,802
Nina’s Place	179,090	178,330
	$ 3,356,108	$ 3,090,635

Externally imposed restrictions for the Endowment Fund are reflected as $7,233,170 (2023 - $6,803,411) and $47,153 (2023 - $44,646) in the Designated Fund.

8. Interfund transfers and internally restricted net assets:

During the year, the following interfund transfers took place:

a) $43,820 was transferred from the Designated Fund to the unrestricted Undesignated Fund in adherence to the Designated Gift Allocation policy.

b) $450 was transferred from the Endowment Fund to the unrestricted Undesignated Fund in adherence to the Designated Gift Allocation policy.

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

a) $57,621 was transferred from the Designated Fund to the unrestricted Undesignated Fund in adherence to the Designated Gift Allocation policy.

b) $31,267 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.

(a) 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 $1,072 for 2025.

10. Fundraising revenue:

	2024	2023
Donations	$ 5,324,777	$ 10,562,966
Special events	809,088	888,847
Lottery	136,875	142,638
Other	99,119	94,832
	$ 6,369,859	$ 11,689,283

11. Operating expenses:

	2024	2023
Salaries and benefits	$ 1,854,854	$ 1,759,840
Fundraising	674,886	973,169
Other operating and administrative	372,814	262,149
Depreciation	20,627	13,174
	$ 2,923,181	$ 3,008,332

12. Grants to Joseph Brant Hospital:

Grants to Joseph Brant Hospital were for the following purposes:

	2024	2023
Critical Needs Equipment / Redevelopment	$ 3,068,274	$ 3,581,656
Operating Grant	350,000	350,000
Other	128,360	289,577
	$ 3,546,634	$ 4,221,233

The Foundation has completed its $60 million commitment to the Capital Redevelopment project with the additional funding contribution of $2.8 million made during the year.

The Foundation has an outstanding commitment to the Hospital of $154,500 as at March 31, 2024 (2023 - $565,900) for equipment. The Foundation has raised and collected some of these funds but the Hospital has not yet incurred these expenditures.

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. There has been no change in the risk exposure from 2023.

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. There has been no change in the risk exposure from 2023.

14. Change in non-cash operating working capital:

	2024	2023
Accounts receivable	$ (13,379)	$ 14,128
HST rebate receivable	(3,553)	(4,730)
Prepaid expenses	(22,770)	21,636
Account payable and accrued liabilities	6,227	(157,013)
HST payable	(289)	1,365
Grants payable to Joseph Brant Hospital	(1,231,269)	(3,950,391)
Deferred revenue	(38,750)	(30,633)
	$(1,303,783)	$ (4,105,638)

15. Comparative Information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.