

**Brockville and District Hospital Foundation**  
**Financial Statements**  
*March 31, 2020*

# Brockville and District Hospital Foundation

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For the year ended March 31, 2020

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## Management's Responsibility

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To the Board of Directors of Brockville and District Hospital Foundation:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed of Directors who are neither management nor employees of the Foundation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Foundation's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

  
Executive Director



# Independent Auditor's Report

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To the Board of Directors of Brockville and District Hospital Foundation:

## Qualified Opinion

We have audited the financial statements of Brockville and District Hospital Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets, cash flows and the related schedule for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, deficiency of revenue over expenses and cash flows from operations for the years ended March 31, 2020 and 2019, current assets and deferred contributions as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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 qualified 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 these 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 Foundation'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 Foundation'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 Foundation 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.

Brockville, Ontario

August 25, 2020

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants



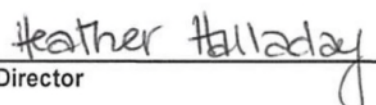
# Brockville and District Hospital Foundation

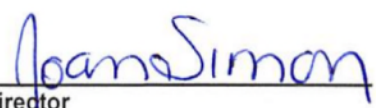
## Statement of Financial Position

*As at March 31, 2020*

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| <b>Assets</b>   |                   |                   |
| <b>Current</b>  |                   |                   |
| Cash  | 6,870,848         | 1,706,293         |
| Accrued receivables   | 51,621            | 6,271             |
| Harmonized sales tax recoverable  | 18,329            | 15,415            |
| Guaranteed investment certificates (Note 3)   | 8,378,832         | -                 |
| Cash and investments held by investment custodians (Note 4)   | 8,946,508         | -                 |
| Prepaid expenses  | -                 | 5,935             |
|   | <b>24,266,138</b> | <b>1,733,914</b>  |
| <b>Promissory notes receivable (Note 5)</b>   | <b>75,000</b>     | <b>75,000</b>     |
| <b>Guaranteed investment certificates (Note 3)</b>  | <b>-</b>          | <b>10,198,821</b> |
| <b>Cash and investments held by investment custodians (Note 4)</b>  | <b>-</b>          | <b>10,302,225</b> |
| <b>Capital assets (Note 6)</b>  | <b>1,521</b>      | <b>3,657</b>      |
|   | <b>24,342,659</b> | <b>22,313,617</b> |
| <b>Liabilities</b>  |                   |                   |
| <b>Current</b>  |                   |                   |
| Accounts payable and accrued liabilities  | 59,726            | 73,393            |
| Deferred contributions for donor recognition costs (Note 7)   | 28,621            | -                 |
| Current portion of deferred contributions for future expenditures of Brockville General Hospital (Note 8) | 10,168,750        | -                 |
| Loan payable to Brockville General Hospital (Note 9)  | -                 | 461,479           |
|   | <b>10,257,097</b> | <b>534,872</b>    |
| <b>Deferred contributions for future expenditures of Brockville General Hospital (Note 8)</b>             | <b>4,661,466</b>  | <b>12,110,523</b> |
|   | <b>14,918,563</b> | <b>12,645,395</b> |
| <b>Subsequent events (Note 13)</b>  |                   |                   |
| <b>Net Assets</b>   |                   |                   |
| Investment in capital assets  | 1,521             | 3,657             |
| Internally restricted for palliative care expenditures of Brockville General Hospital                     | 600,703           | 600,703           |
| Internally restricted for Brockville General Hospital's redevelopment campaign                            | 1,998,125         | 2,574,354         |
| Internally restricted for COVID-19 expenditures of Brockville General Hospital                            | 6,385             | -                 |
| Externally restricted endowments (Note 11)  | 123,188           | 122,684           |
| Unrestricted  | 6,694,174         | 6,366,824         |
|   | <b>9,424,096</b>  | <b>9,668,222</b>  |
|   | <b>24,342,659</b> | <b>22,313,617</b> |

Approved on behalf of the Board of Directors

  
Director

  
Director

The accompanying notes are an integral part of these financial statements

**Brockville and District Hospital Foundation**  
**Statement of Operations**  
*For the year ended March 31, 2020*

|  | <b>2020</b>      | <b>2019</b>      |
|--|------------------|------------------|
| <b>Revenue</b>   |                  |                  |
| Recognition of deferred contributions for Brockville General Hospital donations<br><i>(Note 8)</i> | 1,537,929        | 1,091,541        |
| Recognition of deferred contributions for fundraising expenses <i>(Note 8)</i>                     | 102,338          | 105,900          |
| Recognition of deferred contributions for donor recognition <i>(Note 7)</i>                        | 86,379           | -                |
| Unrestricted contributions   | 66,469           | 197,318          |
| Wage subsidy   | 2,816            | -                |
| Grant from 1000 Islands Community Development Corporation  | -                | 15,750           |
| <b>Total revenue</b>   | <b>1,795,931</b> | <b>1,410,509</b> |
| <b>Donations to Brockville General Hospital</b>  |                  |                  |
| Equipment  | 1,056,401        | 652,141          |
| Palliative care: services  | 639,865          | 639,865          |
| Cardiac rehabilitation unit services   | 180,000          | 180,000          |
| Education  | 10,099           | 31,096           |
| Palliative care: capital   | -                | 10,022           |
|  | <b>1,886,365</b> | <b>1,513,124</b> |
| <b>Administrative</b>  |                  |                  |
| Salaries, employee benefits and contract services  | 266,644          | 295,434          |
| Professional fees  | 64,201           | 84,881           |
| Office expenses, supplies and telephone  | 30,618           | 33,181           |
| Bank charges   | 7,441            | 5,488            |
| Directors' and officers' liability insurance   | 5,935            | 5,935            |
| Board and staff travel, education, and meetings  | 3,235            | 4,642            |
| Miscellaneous  | 2,279            | 1,474            |
| Amortization   | 2,136            | 2,143            |
|  | <b>382,489</b>   | <b>433,178</b>   |
| <b>Fundraising</b>   |                  |                  |
| Donor recognition  | 98,938           | 7,025            |
| Contract services  | 86,450           | 88,527           |
| Fundraising activities   | 60,631           | 79,395           |
| Advertising  | 17,151           | 9,956            |
|  | <b>263,170</b>   | <b>184,903</b>   |
| <b>Total expenses</b>  | <b>2,532,024</b> | <b>2,131,205</b> |
| <b>Deficiency of revenue over expenses before investment income (expenses)</b>                     | <b>(736,093)</b> | <b>(720,696)</b> |
| <b>Investment income (expenses)</b>  |                  |                  |
| Interest   | 550,614          | 439,282          |
| Realized and unrealized losses on investments  | (12,836)         | (2,745)          |
| Investment and custodial fees  | (45,811)         | (62,729)         |
|  | <b>491,967</b>   | <b>373,808</b>   |
| <b>Deficiency of revenue over expenses</b>   | <b>(244,126)</b> | <b>(346,888)</b> |

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

# Brockville and District Hospital Foundation

## Statement of Changes in Net Assets

For the year ended March 31, 2020

|   | Investment in<br>capital assets | Internally<br>restricted -<br>Palliative care | Internally<br>restricted -<br>Redevelopment<br>campaign | Internally<br>restricted -<br>COVID-19 | Externally<br>restricted<br>endowments | Unrestricted | 2020      | 2019       |
|---|---------------------------------|---|---|--|--|--------------|-----------|------------|
| <b>Balance, beginning of year</b>                 | 3,657                           | 600,703                                       | 2,574,354   | -                                      | 122,684                                | 6,366,824    | 9,668,222 | 10,023,110 |
| <b>Deficiency of revenue over expenses</b>        | (2,136)                         | -   | -   | -                                      | 504                                    | (242,494)    | (244,126) | (346,888)  |
| <b>Transfers between net assets<br/>(Note 10)</b> | -                               | -   | (576,229)   | 6,385                                  | -                                      | 569,844      | -         | (8,000)    |
| <b>Net assets, end of year</b>                    | 1,521                           | 600,703                                       | 1,998,125   | 6,385                                  | 123,188                                | 6,694,174    | 9,424,096 | 9,668,222  |

The accompanying notes are an integral part of these financial statements



# Brockville and District Hospital Foundation

## Statement of Cash Flows

*For the year ended March 31, 2020*

|  | <b>2020</b>        | <b>2019</b>        |
|--|--------------------|--------------------|
| <b>Cash provided by (used for) the following activities</b>  |                    |                    |
| <b>Operating</b>   |                    |                    |
| Deficiency of revenue over expenses  | (244,126)          | (346,888)          |
| Realized and unrealized losses on investments  | 12,836             | 2,745              |
| Change in accrued interest on guaranteed investment certificates                                     | (80,678)           | (198,821)          |
| Change in accrued interest and dividends on investments  | 11,210             | 12,451             |
| Deferred contributions for future expenditures of Brockville General Hospital recognized as revenues | (1,640,267)        | (1,197,441)        |
| Deferred contributions for donor recognition costs recognized as revenue                             | (86,379)           | -                  |
| Amortization   | 2,136              | 2,143              |
|  | <b>(2,025,268)</b> | <b>(1,725,811)</b> |
| Changes in working capital accounts  |                    |                    |
| Accrued receivables  | (45,350)           | 29,919             |
| Harmonized sales tax recoverable   | (2,914)            | 3,606              |
| Prepaid expenses   | 5,935              | -                  |
| Accounts payable and accrued liabilities   | (13,667)           | (2,279)            |
|  | <b>(2,081,264)</b> | <b>(1,694,565)</b> |
| <b>Financing</b>   |                    |                    |
| Repayment of loan to Brockville General Hospital   | (466,741)          | (41,098)           |
| Contributions received for future expenditures of Brockville General Hospital                        | 4,357,942          | 2,571,836          |
| Contributions received for donor recognition costs   | 115,000            | -                  |
|  | <b>4,006,201</b>   | <b>2,530,738</b>   |
| <b>Investing</b>   |                    |                    |
| Purchase of guaranteed investment certificates   | (99,333)           | (10,000,000)       |
| Proceeds on disposal of guaranteed investment certificates   | 2,000,000          | -                  |
| Advances of notes receivable   | -                  | (50,000)           |
| Purchase of investments held by investment custodians  | (300,803)          | -                  |
| Proceeds on disposal of investments held by investment custodians                                    | 2,479,666          | 5,916,721          |
|  | <b>4,079,530</b>   | <b>(4,133,279)</b> |
| <b>Increase (decrease) in cash resources</b>   | <b>6,004,467</b>   | <b>(3,297,106)</b> |
| <b>Cash resources, beginning of year</b>   | <b>1,765,481</b>   | <b>5,062,587</b>   |
| <b>Cash resources, end of year</b>   | <b>7,769,948</b>   | <b>1,765,481</b>   |
| <b>Cash resources are composed of:</b>   |                    |                    |
| Cash   | 6,870,848          | 1,706,293          |
| Cash held by investment custodians (Note 4)  | 899,100            | 59,188             |
|  | <b>7,769,948</b>   | <b>1,765,481</b>   |

The accompanying notes are an integral part of these financial statements

# Brockville and District Hospital Foundation

## Notes to the Financial Statements

For the year ended March 31, 2020

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### 1. Incorporation and nature of the organization

Brockville and District Hospital Foundation was incorporated without share capital under Corporations Act (Ontario) and is a non-profit corporation established for the purpose of receiving and maintaining a fund or funds and applying all or part of the principal and income therefrom to or for the benefit of Brockville General Hospital or such other charitable organizations registered under the Income Tax Act which, in the judgement of the Foundation's directors, will enhance or improve medical research and education or will otherwise advance the purpose of the Brockville General Hospital. The Foundation is a registered charity under the Income Tax Act and is exempt from income taxes, provided certain requirements of the income tax act are met.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board of Canada and include the following significant accounting policies:

#### **Revenue recognition**

The Foundation follows the deferral method of accounting for contributions, which include donations, fundraising proceeds and grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized. Related expenses include donations to Brockville General Hospital and other charitable organizations.

Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is comprised of interest, realized gains and losses on the sale of investments and unrealized gains and losses on investments. Investment income is recognized on an accrual basis and unrealized gains and losses are accrued on investments owned at year end.

#### **Promissory notes receivable and donation pledges receivable**

Promissory notes receivable are accounted for at amortized cost using the effective interest rate method. Donation pledges receivable are recognized if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### **Cash and cash equivalents**

Cash is comprised of cash on hand, accounts with banks and cash held by investment custodians.

#### **Capital assets**

Purchased capital assets are recorded at acquisition cost. Amortization is provided using the straight-line method at rates intended to amortize assets at cost less salvage value over their estimated useful lives using the following annual rates:

|                                |              |
|--------------------------------|--------------|
| Computer hardware and software | 20 %         |
| Other equipment and furniture  | 5% to 6.67 % |

#### **Long-lived assets**

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policy.

The Foundation writes down long-lived assets held for use when conditions indicate that the asset no longer has any long-term service potential to the Foundation. The assets are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Foundation determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.



**Brockville and District Hospital Foundation**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

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2. **Significant accounting policies** *(Continued from previous page)*

**Contributed materials and services**

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased.

Volunteers contribute a substantial amount of hours each year to assist the Foundation in carrying out its activities. Due to the difficulty in determining the fair value of these services, volunteer services are not recognized in the financial statements.

There were contributed materials and services of \$11,099 recognized in the 2020 fiscal year (2019 - \$21,328).

**Foreign currency translation**

Monetary assets and liabilities denominated in a foreign currency are translated to Canadian dollars at exchange rates in effect at the year end date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenue and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in excess (deficiency) of revenue over expenses.

**Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

**Financial instruments**

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value, including financial assets and financial liabilities originated and issued in a related party transaction with management.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value, which it has done for its investments held by investment custodians.

The Foundation subsequently measures all of its financial assets and financial liabilities at amortized cost except for investments held by investment custodians which are measured at elected fair value determined by reference to published price quotes.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at elected fair value are immediately recognized in the excess of expenses over revenue for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

**Financial asset impairment**

The Foundation assesses impairment of all of its financial assets measured at amortized cost. Management considers whether the issuer is having significant financial difficulty; or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.



# Brockville and District Hospital Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2020*

**2. Significant accounting policies** *(Continued from previous page)*

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenue over expenses in the year the reversal occurs.

**3. Guaranteed investment certificates**

Guaranteed investment certificates are comprised of multiple certificates totalling \$8,099,333 (2019 - \$10,000,000) and accrued interest receivable of \$279,499 (2019 - \$198,821). The certificates are earning interest at rates ranging from 2.50% to 3.16% (2019 - \$2.35% to 2.70%) and mature at various dates from June 2020 to January 2022. The guaranteed investment certificates are recorded as current based on their contractual maturities and expected use to fund the commitment for the Brockville General Hospital redevelopment campaign (refer to Note 13).

**4. Cash and investments held by investment custodians**

|   | 2020             | 2019              |
|---|------------------|-------------------|
| Cash  | 899,100          | 59,188            |
| Accrued interest                                | 48,090           | 59,300            |
| Fixed income investments measured at fair value |                  |                   |
| Canadian corporate                              | 7,499,903        | 9,681,692         |
| Foreign corporate                               | 499,415          | 502,045           |
|   | <b>8,946,508</b> | <b>10,302,225</b> |

The fixed income investments measured at fair value mature at various dates from June 2020 to June 2025 and bear interest at rates ranging from 1.62% to 4.01% (2019 - 1.58% to 4.01%).

The Foundation's current investment management plan is to invest in cash and cash equivalents and fixed income investments with the primary objectives being to ensure the security of principal amounts invested, provide for a high degree of liquidity, and achieve a satisfactory investment return.

The investments are recorded as current based on their contractual maturities and expected use to fund the commitment for the Brockville General Hospital redevelopment campaign (refer to Note 13).

**5. Promissory notes receivable**

The promissory notes receivable are non-interest bearing, repayable in full within five years of the original issue and are expected to be collected in \$25,000 repayments in September 2020, May 2023 and December 2023.

**6. Capital assets**

|                                | Cost          | Accumulated<br>amortization | 2020<br>Net book<br>value | 2019<br>Net book<br>value |
|--------------------------------|---------------|-----------------------------|---------------------------|---------------------------|
| Computer hardware and software | 9,232         | 8,766                       | 466                       | 2,314                     |
| Other equipment and furniture  | 5,516         | 4,461                       | 1,055                     | 1,343                     |
|                                | <b>14,748</b> | <b>13,227</b>               | <b>1,521</b>              | <b>3,657</b>              |

Cost and accumulated amortization as at March 31, 2019 was \$14,748 and \$11,091, respectively.

## Brockville and District Hospital Foundation Notes to the Financial Statements

*For the year ended March 31, 2020*

### 7. Deferred contributions for donor recognition costs

Deferred contributions for donor recognition costs represent unspent externally restricted donations for donor recognition at the Brockville General Hospital's Phase II Redevelopment Project. Contributions during the year were \$115,000 of which \$86,379 was recognized as revenue.

### 8. Deferred contributions for future expenditures of Brockville General Hospital

Deferred contributions for future expenditures of Brockville General Hospital represent unspent externally restricted donations, bequests and fundraising proceeds for specific future expenditures of Brockville General Hospital as summarized in the schedule to the financial statements.

|  |                     |             |
|--|---------------------|-------------|
| Balance, beginning of year   | 12,110,523          | 10,726,242  |
| Externally restricted contributions received   | 4,357,942           | 2,579,836   |
| Allocation of investment return on endowment fund (note 11)                                      | 2,018               | 1,886       |
| Amount recognized as revenue based on donations to Brockville General Hospital                   | (1,537,929)         | (1,091,541) |
| Amount recognized as revenue based on fundraising expenses                                       | (102,338)           | (105,900)   |
|  | <b>14,830,216</b>   | 12,110,523  |
| Current portion of deferred contributions for future expenditures of Brockville General Hospital | <b>(10,168,750)</b> | -           |
|  | <b>4,661,466</b>    | 12,110,523  |

### 9. Loan payable to Brockville General Hospital

By agreement with Brockville General Hospital, effective April 1, 2004 the Foundation purchased the investment assets of the Brockville General Hospital - J.E Johnson Bequest fund at fair market value in consideration for a demand loan payable to the Brockville General Hospital with an investment return payable on this loan. The investment return is equal to the annual rate of return of the Foundation's investment portfolio as reported by the investment manager, less reasonable investment management and custodial fees.

|                            | 2020      | 2019     |
|----------------------------|-----------|----------|
| Balance, beginning of year | 461,479   | 495,758  |
| Investment return          | 5,262     | 6,819    |
| Repayment of loan          | (466,741) | (41,098) |
| Balance, end of year       | -         | 461,479  |

### 10. Restrictions on net assets

Internally restricted net assets are accumulated for purposes as identified by the Board of Directors. During the year transfers were approved of \$576,229 from internally restricted net assets for the redevelopment campaign to unrestricted net assets and \$6,385 from unrestricted net assets to internally restricted net assets for COVID-19. Internally restricted funds are not available for other purposes without approval of the Board of Directors.

### 11. Externally restricted endowments

|                                  | 2020           | 2019    |
|----------------------------------|----------------|---------|
| E.B. Connell education endowment | 116,490        | 115,986 |
| Other endowment                  | 6,698          | 6,698   |
|                                  | <b>123,188</b> | 122,684 |



# Brockville and District Hospital Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2020*

**11. Externally restricted endowments** *(Continued from previous page)*

The externally imposed restrictions on the E.B. Connell education endowment are as follows:

- i. the principal is to be maintained intact;
- ii. 20% of the annual investment return is to be added to the principal each year; and
- iii. 80% of the annual investment return is to be used, upon request by the Brockville General Hospital, to provide financial assistance for educational purposes pursuant to an agreement between the donor and Brockville General Hospital. As at March 31, 2020 the funds available to provide financial assistance for educational purposes totalled \$18,435 (2019 - \$19,628).

**12. Financial instruments**

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Foundation is exposed to interest rate risk primarily relating to the following financial assets and liabilities. The table summarizes the carrying amounts of financial instruments exposed to interest rate risk by the earlier of the contractual maturity dates.

Financial instruments exposed to interest rate risk:

|   |                      |                        |                          |                   | <b>2020</b>       | <b>2019</b>  |
|---|----------------------|------------------------|--------------------------|-------------------|-------------------|--------------|
|   | <i>Floating rate</i> | <i>Within one year</i> | <i>One to five years</i> | <i>Thereafter</i> | <i>Total</i>      | <i>Total</i> |
| <b><i>Financial Assets</i></b>                    |                      |                        |                          |                   |                   |              |
| Cash resources                                    | <b>6,870,848</b>     | -                      | -                        | -                 | <b>6,870,848</b>  | 1,706,293    |
| Guaranteed investment certificates                | -                    | <b>8,327,832</b>       | <b>51,000</b>            | -                 | <b>8,378,832</b>  | 10,198,821   |
| Cash and investments held by investment custodian | <b>899,100</b>       | <b>7,797,593</b>       | -                        | <b>249,815</b>    | <b>8,946,508</b>  | 10,302,225   |
| Promissory notes receivable                       | -                    | <b>25,000</b>          | <b>50,000</b>            | -                 | <b>75,000</b>     | 75,000       |
| Subtotal  | <b>7,769,948</b>     | <b>16,150,425</b>      | <b>101,000</b>           | <b>249,815</b>    | <b>24,271,188</b> | 22,282,339   |
| <b><i>Financial liabilities</i></b>               |                      |                        |                          |                   |                   |              |
| Loan payable to Brockville General Hospital       | -                    | -                      | -                        | -                 | -                 | (461,479)    |

The Foundation manages its interest rate exposure of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. The Foundation's primary objectives with respect to its fixed income investments is to ensure the security of principal amounts invested, provide for a high degree of liquidity and achieve a satisfactory investment return.



**Brockville and District Hospital Foundation**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

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**12. Financial instruments** *(Continued from previous page)*

**Liquidity risk**

Liquidity risk is the risk that the Foundation will not be able to meet a demand for cash or fund its obligations as they come due. The Foundation meets its liquidity requirements by monitoring its cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation's investments in publicly-traded fixed income investments measured at fair value exposes the Foundation to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

**Credit concentration**

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of cash and investments held by investment custodians as \$8,069,065 (2019 - \$10,147,940) is held by a private investment management firm; however, credit exposure is limited as the Foundation liquidated the majority of its investments after year end to fund its commitment to the Brockville General Hospital (refer to 13).

**13. Subsequent events**

In January, 2018 the Foundation's Board of Directors issued a letter of support to the Ministry of Health and Long-Term Care confirming the Foundation's commitment to contribute funds totalling \$20 million representing the local share of the financing required for the Brockville General Hospital's Phase II Redevelopment Project. As at March 31, 2020 the Foundation has accumulated approximately \$12.2 million towards the \$20 million commitment, with the balance pledged through the redevelopment fundraising campaign.

The \$20 million commitment was fully distributed to the Brockville General Hospital as of August 4, 2020 and was funded by cash resources, maturing fixed income investments and guaranteed investment certificates (refer to Notes 3 and 4), and by \$4.6 million in pledges received between March 31 and August 4, 2020. \$3.2 million in pledges is expected to be collected after this date, of which \$2.1 million will be in annual instalments over ten years, ending December 31, 2030.

**14. Significant event**

Prior to the end of the fiscal year there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, management anticipates this outbreak may cause cancellation of fundraising events and reductions in donations received, which may negatively impact the Organization's operations and financial condition. The Organization has accessed government programs to provide support.

**15. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.

Fundraising revenue previously reported on a net basis has been reported on a gross basis reflecting the costs incurred in direct relation to the fundraising revenue, and fundraising expenses have been presented separately from administrative expenses.

**Brockville and District Hospital Foundations**  
**Schedule of Changes in Deferred Contributions**  
*For the year ended March 31, 2020*

| Year ended March 31, 2020  | Redevelopment Campaign | Specific Equipment and Covid-19 | Cardiac Rehabilitation Unit | Palliative Care | Chapel | Education | Total       |
|--|------------------------|---------------------------------|-----------------------------|-----------------|--------|-----------|-------------|
| Balance, beginning of year   | 8,034,561              | 584,642                         | 260,973                     | 3,146,325       | 64,394 | 19,628    | 12,110,523  |
| Externally restricted contributions received   | 2,069,795              | 1,469,880                       | 107,955                     | 704,312         | -      | 6,000     | 4,357,942   |
| Investment return on endowment   | -                      | -                               | -                           | -               | -      | 2,018     | 2,018       |
| Amount recognized as revenue based on donations to Brockville General Hospital                   | -                      | (708,338)                       | (180,000)                   | (640,380)       | -      | (9,211)   | (1,537,929) |
| Amount recognized as revenue based on fundraising expenses                                       | -                      | -                               | (17,591)                    | (84,747)        | -      | -         | (102,338)   |
| Current portion of deferred contributions for future expenditures of Brockville General Hospital | 10,104,356             | 1,346,184                       | 171,337                     | 3,125,510       | 64,394 | 18,435    | 14,830,216  |
| Balance, end of year   | -                      | 1,346,184                       | 171,337                     | 3,125,510       | -      | 18,435    | 4,661,466   |

| Year ended March 31, 2019  | Redevelopment Campaign | Specific Equipment | Cardiac Rehabilitation Unit | Palliative Care | Chapel | Education | Total       |
|--|------------------------|--------------------|-----------------------------|-----------------|--------|-----------|-------------|
| Balance, beginning of year   | 6,598,024              | 538,727            | 291,450                     | 3,196,809       | 64,394 | 36,838    | 10,726,242  |
| Externally restricted contributions received                                   | 1,436,537              | 276,878            | 160,629                     | 693,792         | -      | 12,000    | 2,579,836   |
| Investment return on endowment   | -                      | -                  | -                           | -               | -      | 1,886     | 1,886       |
| Amount recognized as revenue based on donations to Brockville General Hospital | -                      | (230,558)          | (180,000)                   | (649,887)       | -      | (31,096)  | (1,091,541) |
| Amount recognized as revenue based on fundraising expenses                     | -                      | (405)              | (11,106)                    | (94,389)        | -      | -         | (105,900)   |
| Balance, end of year   | 8,034,561              | 584,642            | 260,973                     | 3,146,325       | 64,394 | 19,628    | 12,110,523  |