

**Brockville and District Hospital Foundation**  
**Financial Statements**  
*March 31, 2021*

# Brockville and District Hospital Foundation

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For the year ended March 31, 2021

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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. 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

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, 2021, and the statements of operations, changes in net assets and cash flows 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, 2021, 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, 2021 and 2020, current assets and deferred contributions as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 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

May 25, 2021

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

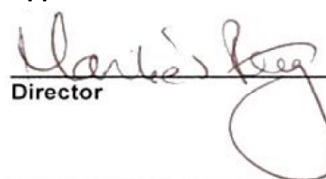
# Brockville and District Hospital Foundation

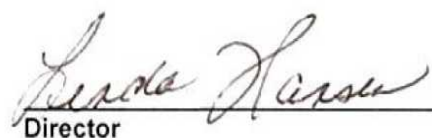
## Statement of Financial Position

*As at March 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current</b>		
Cash	11,957,496	6,870,848
Accrued receivables	45,038	51,621
Harmonized sales tax recoverable	17,387	18,329
Current portion of government funding receivable (Note 3)	212,500	-
Cash and investments held by investment custodians (Note 4)	1,328	8,946,508
Guaranteed investment certificates (Note 5)	51,353	8,378,832
Prepaid expenses	6,232	-
	<b>12,291,334</b>	24,266,138
<b>Government funding receivable (Note 3)</b>	<b>1,700,000</b>	-
<b>Promissory notes receivable (Note 6)</b>	<b>50,000</b>	75,000
<b>Capital assets (Note 7)</b>	<b>767</b>	1,521
	<b>14,042,101</b>	24,342,659
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 8)	257,471	59,726
Deferred contributions for donor recognition costs (Note 9)	28,621	28,621
Current portion of deferred contributions for future expenditures of Brockville General Hospital (Note 10)	-	10,168,750
	<b>286,092</b>	10,257,097
<b>Deferred contributions for future expenditures of Brockville General Hospital (Note 10)</b>	<b>6,697,723</b>	4,661,466
	<b>6,983,815</b>	14,918,563
<b>Net Assets</b>		
Investment in capital assets	767	1,521
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
Internally restricted for COVID-19 expenditures of Brockville General Hospital	12,928	6,385
Internally restricted for equipment expenditures of Brockville General Hospital	217,101	-
Externally restricted endowments (Note 12)	123,391	123,188
Unrestricted	6,103,396	6,694,174
	<b>7,058,286</b>	9,424,096
	<b>14,042,101</b>	24,342,659

Approved on behalf of the Board of Directors

  
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 Director

  
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 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, 2021*

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Recognition of deferred contributions for Brockville General Hospital donations <i>(Note 3), (Note 10)</i>	18,765,199	1,537,929
Unrestricted contributions	386,861	66,469
Wage subsidy <i>(Note 15)</i>	42,426	2,816
Recognition of deferred contributions for fundraising expenses <i>(Note 10)</i>	33,814	102,338
Recognition of deferred contributions for donor recognition	-	86,379
<b>Total revenue</b>	<b>19,228,300</b>	<b>1,795,931</b>
<b>Donations to Brockville General Hospital</b>		
Redevelopment campaign	20,000,000	-
Palliative care services	639,865	639,865
Equipment and COVID-19 equipment	445,773	1,056,401
Cardiac rehabilitation unit services	148,158	180,000
Education	4,247	10,099
	<b>21,238,043</b>	<b>1,886,365</b>
<b>Administrative</b>		
Salaries, employee benefits and contract services	312,048	266,644
Professional fees	65,749	64,201
Office expenses, supplies and telephone	16,893	30,618
Bank charges and payroll service costs	14,401	7,441
Directors' and officers' liability insurance	6,232	5,935
Miscellaneous	3,434	2,279
Board and staff travel, education, and meetings	1,970	3,235
Amortization	754	2,136
	<b>421,481</b>	<b>382,489</b>
<b>Fundraising</b>		
Fundraising activities	40,931	60,631
Direct and allocated contract services	40,920	86,450
Donor recognition	22,398	98,938
Advertising	16,028	17,151
	<b>120,277</b>	<b>263,170</b>
<b>Total expenses</b>	<b>21,779,801</b>	<b>2,532,024</b>
<b>Deficiency of revenue over expenses before investment income (expenses)</b>	<b>(2,551,501)</b>	<b>(736,093)</b>
<b>Investment income (expenses)</b>		
Interest	198,553	550,614
Realized and unrealized gains (losses) on investments	378	(12,836)
Investment and custodial fees	(13,240)	(45,811)
	<b>185,691</b>	<b>491,967</b>
<b>Deficiency of revenue over expenses</b>	<b>(2,365,810)</b>	<b>(244,126)</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, 2021

	Investment in capital assets	Internally restricted - Palliative care	Internally restricted - Redevelopme nt campaign	Internally restricted - COVID-19	Internally restricted - Equipment	Externally restricted endowments	Unrestricted	2021	2020
Balance, beginning of year	1,521	600,703	1,998,125	6,385	-	123,188	6,694,174	9,424,096	9,668,222
Deficiency of revenue over expenses	(754)	-	-	-	-	203	(2,365,259)	(2,365,810)	(244,126)
Transfers between net assets (Note 11)	-	-	(1,998,125)	6,543	217,101	-	1,774,481	-	-
Net assets, end of year	767	600,703	-	12,928	217,101	123,391	6,103,396	7,058,286	9,424,096

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, 2021*

	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Deficiency of revenue over expenses	(2,365,810)	(244,126)
Realized and unrealized (gains) losses on investments	(378)	12,836
Change in accrued interest on guaranteed investment certificates	279,146	(80,678)
Change in accrued interest and dividends on investments	48,090	11,210
Deferred contributions for future expenditures of Brockville General Hospital recognized as revenues	(18,799,013)	(1,640,267)
Deferred contributions for donor recognition costs recognized as revenue	-	(86,379)
Amortization	754	2,136
	<b>(20,837,211)</b>	<b>(2,025,268)</b>
Changes in working capital accounts		
Accrued receivables	6,583	(45,350)
Harmonized sales tax recoverable	942	(2,914)
Prepaid expenses	(6,232)	5,935
Government funding receivable	(1,912,500)	-
Accounts payable and accrued liabilities	197,746	(13,667)
	<b>(22,550,672)</b>	<b>(2,081,264)</b>
<b>Financing</b>		
Repayment of loan to Brockville General Hospital	-	(466,741)
Contributions received for future expenditures of Brockville General Hospital	10,665,711	4,357,942
Contributions received for donor recognition costs	-	115,000
	<b>10,665,711</b>	<b>4,006,201</b>
<b>Investing</b>		
Purchase of guaranteed investment certificates	-	(99,333)
Proceeds on disposal of guaranteed investment certificates	8,048,333	2,000,000
Repayment of notes receivable	25,000	-
Purchase of investments held by investment custodians	-	(300,803)
Proceeds on disposal of investments held by investment custodians	7,999,942	2,479,666
	<b>16,073,275</b>	<b>4,079,530</b>
<b>Increase in cash resources</b>	<b>4,188,314</b>	<b>6,004,467</b>
<b>Cash resources, beginning of year</b>	<b>7,769,948</b>	<b>1,765,481</b>
<b>Cash resources, end of year</b>	<b>11,958,262</b>	<b>7,769,948</b>
<b>Cash resources are composed of:</b>		
Cash	11,957,496	6,870,848
Cash held by investment custodians (Note 4)	766	899,100
	<b>11,958,262</b>	<b>7,769,948</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, 2021

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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. In the opinion of management these requirements have been 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, grants and government funding.

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.

#### **Government assistance**

Government assistance is recognized when there is reasonable assurance that the Foundation has complied with and will continue to comply with all conditions of the assistance. Government assistance toward current expenses is recognized in income for the period as revenue. Government assistance towards expenses of future accounting periods is deferred and recognized in income as related expenses are incurred.

#### **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 %

# Brockville and District Hospital Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2021*

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

#### **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.

#### **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.

Brockville General Hospital provides office space and certain administrative services at no charge to the Foundation. Due to the difficulty in determining the fair value of these services, the expenses are not recognized in the financial statements.

There were contributed materials and services of \$4,071 recognized in the 2021 fiscal year (2020 - \$11,099).

#### **Allocation of expenses**

The Foundation engages in fundraising programs. The costs of each program include the costs of personnel and other expenses that are directly related to providing the program. The Foundation also incurs a number of general support expenses that are common to the administration of the Foundation and each of its programs.

The Foundation allocates certain general support expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. Corporate governance and general management expenses are not allocated; but personnel costs are allocated based on the hours spent on the specific fundraising programs.

#### **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. The recognition of deferred contributions is based on management's interpretation of external restrictions imposed by donors and contributors.

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.

# Brockville and District Hospital Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2021*

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

#### **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.

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. Government funding

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. During the year, the \$20 million commitment was fully distributed to Brockville General Hospital.

The Foundation recognized government assistance from local municipalities as part of the \$20 million commitment: \$4,626,942 from City of Brockville, \$2,125,000 from United Counties of Leeds and Grenville, and \$30,000 from City of Prescott. The funds have been included in recognition of deferred contributions for Brockville General Hospital donations in the statement of operations.

The Foundation has signed a capital funding agreement with the United Counties of Leeds and Grenville for the \$2,125,000 and received the first instalment of \$212,500 during the year. The remaining \$1,912,500 is scheduled to be received in annual instalments of \$212,500 over the next nine years.

**Brockville and District Hospital Foundation**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2021*

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

	<b>2021</b>	2020
Cash	766	899,100
Canadian corporate equity investments measured at fair value	562	-
Accrued interest	-	48,090
Fixed income investments measured at fair value		
Canadian corporate	-	7,499,903
Foreign corporate	-	499,415
	<b>1,328</b>	<b>8,946,508</b>

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.

**5. Guaranteed investment certificates**

Guaranteed investment certificates is comprised of a \$51,000 certificate (2020 - multiple certificates totalling \$8,099,333) and accrued interest receivable of \$353 (2020 - \$279,499). The certificate is earning interest at 3.16% (2020 - ranging from 2.50% to 3.16%) and matures January 2022 (2020 - June 2020 to January 2022).

**6. 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 May 2023 and December 2023.

**7. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2021 Net book value</b>	<b>2020 Net book value</b>
Computer hardware and software	9,232	9,232	-	466
Other equipment and furniture	5,516	4,749	767	1,055
	<b>14,748</b>	<b>13,981</b>	<b>767</b>	<b>1,521</b>

Cost and accumulated amortization as at March 31, 2020 was \$14,748 and \$13,227, respectively.

**8. Accounts payable and accrued liabilities**

	<b>2021</b>	2020
Due to Brockville General Hospital	216,186	-
Trade payables and accrued liabilities	41,285	59,726
	<b>257,471</b>	<b>59,726</b>

**9. 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.

**Brockville and District Hospital Foundation**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2021*

**10. 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	<b>14,830,216</b>	12,110,523
Externally restricted contributions received	<b>10,665,711</b>	4,357,942
Allocation of investment return on endowment fund (note 12)	<b>809</b>	2,018
Amount recognized as revenue based on donations to Brockville General Hospital	<b>(18,765,199)</b>	(1,537,929)
Amount recognized as revenue based on fundraising expenses	<b>(33,814)</b>	(102,338)
<hr/>		
	<b>6,697,723</b>	14,830,216
Current portion of deferred contributions for future expenditures of Brockville General Hospital	-	(10,168,750)
<hr/>		
	<b>6,697,723</b>	4,661,466

**11. 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 \$1,998,125 (2020 - \$526,229) from internally restricted net assets for the redevelopment campaign to unrestricted net assets, \$217,101 (2020 - \$nil) from unrestricted net assets to internally restricted net assets for equipment, and \$6,543 (2020 - \$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.

**12. Externally restricted endowments**

	<b>2021</b>	<b>2020</b>
E.B. Connell education endowment	<b>116,693</b>	116,490
Other endowment	<b>6,698</b>	6,698
<hr/>		
	<b>123,391</b>	123,188

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, 2021 the funds available to provide financial assistance for educational purposes totalled \$21,997 (2020 - \$18,435).

**13. Pledges and bequests**

At March 31, 2021, the Foundation has pledges receivable amounting to approximately \$468,000 (2020 - \$1,112,000) expected to be collected over the next four years relating to the Brockville General Hospital Redevelopment Campaign. These pledges are not included in the financial statements because their ultimate collection cannot be reasonably assured.

**14. 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 cash flow risk with respect to its cash and cash resources which earn interest at a rate which fluctuates with bank prime. The Foundation is exposed to interest rate price risk on its promissory notes receivable as they are at fixed rates.

During the year, the Foundation's exposure to interest rate risk decreased because of the decrease in its financial assets exposed to this risk, from \$24,271,188 to \$12,060,177.

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.

***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.

**15. Significant event**

The global outbreak of COVID-19 (coronavirus) which began in the previous fiscal year continued during the current year. The pandemic 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 Foundation 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.

In the current year, the outbreak resulted in the cancellation and/or reduction in fundraising events and reductions in donations received. It is anticipated that these impacts may continue, which may negatively impact the Foundation's operations and financial condition. The Foundation has accessed government programs to provide support.

The Foundation recognized and received \$42,427 (2020 - \$2,816) in in Canada Emergency Wage Subsidy ("CEWS") and Temporary Wage Subsidy ("TWS") as revenue. CEWS and TWS, introduced in response to the COVID-19 pandemic, provide eligible employers with a subsidy to cover a portion of wage costs paid to eligible employees during prescribed claim periods. There are no unfulfilled conditions related to amounts recognized. However, amounts claimed under these programs are subject to validation and detailed verification by the Federal Government

**Brockville and District Hospital Foundation**  
**Schedule of Changes in Deferred Contributions**  
*For the year ended March 31, 2021*

Year ended March 31, 2021	Redevelopment Campaign	Specific Equipment and Covid-19	Urgent Equipment and Programs	Cardiac Rehabilitation Unit	Palliative Care	Chapel	Education	Total
Balance, beginning of year	10,104,356	1,346,184	-	171,337	3,125,510	64,394	18,435	14,830,216
Externally restricted contributions received	7,404,502	442,673	2,035,231	147,836	628,469	-	7,000	10,665,711
Investment return on endowment	-	-	-	-	-	-	809	809
Amount recognized as revenue based on donations to Brockville General Hospital	(17,508,858)	(399,677)	-	(148,158)	(639,865)	(64,394)	(4,247)	(18,765,199)
Amount recognized as revenue based on fundraising expenses	-	(640)	-	-	(33,174)	-	-	(33,814)
Balance, end of year	-	1,388,540	2,035,231	171,015	3,080,940	-	21,997	6,697,723

Year ended March 31, 2020	Redevelopment Campaign	Specific Equipment and Covid-19	Urgent Equipment and Programs	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