

**BRANT COMMUNITY HEALTHCARE
SYSTEM FOUNDATION**

FINANCIAL STATEMENTS

For the year ended March 31, 2023

**BRANT COMMUNITY HEALTHCARE
SYSTEM FOUNDATION**

For the year ended March 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Brant Community Healthcare System Foundation

Qualified Opinion

We have audited the financial statements of Brant Community Healthcare System Foundation (the 'Foundation'), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and changes in fund balances, Tim Hortons revenue and expenses 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, 2023, 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

The Foundation derives part of its revenue from the general public in the form of 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 donated revenues, fundraising revenues, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 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 *Auditors' Responsibilities for the Audit of 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 these 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 relating 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.

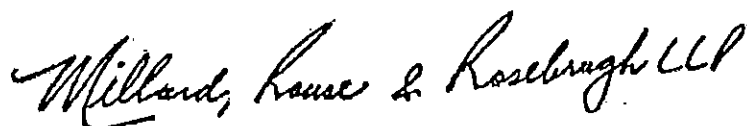
Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditors' 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 auditors' 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.



June 12, 2023
Brantford, Ontario

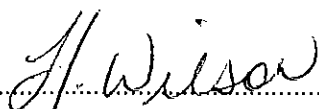
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

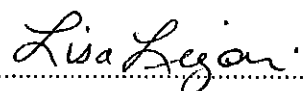
BRANT COMMUNITY HEALTHCARE SYSTEM FOUNDATION

STATEMENT OF FINANCIAL POSITION

As at March 31	General Fund	Restricted Fund	Total 2023	Total 2022
ASSETS				
Current Assets				
Bank	4,258,801	1,294,656	5,553,457	4,237,737
Accounts receivable	3,866	-	3,866	3,357
Government remittances receivable (net)	51,198	-	51,198	39,962
Inventory	16,204	-	16,204	15,168
Prepaid expenses	10,339	-	10,339	13,536
Investments (Note 3)	1,204,972	5,272,485	6,477,457	6,158,003
Hymers endowment (Note 3)	-	571,507	571,507	584,834
	5,545,380	7,138,648	12,684,028	11,052,597
Capital Assets (Note 4)	36,565	-	36,565	26,183
Intangible Asset (Note 5)	9,000	-	9,000	12,000
	5,590,945	7,138,648	12,729,593	11,090,780
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	118,141	-	118,141	130,340
Due to Brant Community Healthcare System	576,386	-	576,386	431,776
	694,527	-	694,527	562,116
CEBA Loan (Note 13)	40,000	-	40,000	40,000
	734,527	-	734,527	602,116
NET ASSETS				
General Fund	4,856,418	-	4,856,418	4,663,112
Restricted Funds (Note 6)	-	6,630,949	6,630,949	5,134,040
Fund restricted to Willett Hospital site (Note 6)	-	507,699	507,699	691,512
	4,856,418	7,138,648	11,995,066	10,488,664
	5,590,945	7,138,648	12,729,593	11,090,780

Approved on behalf of the Board of Directors

 Director

 Director

See accompanying notes

BRANT COMMUNITY HEALTHCARE SYSTEM FOUNDATION

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended March 31	General Fund	Restricted Fund	Total 2023	Total 2022
Revenue				
Investment income	251,837	21,737	273,574	119,167
Fundraising	456,759	3,105,461	3,562,220	3,671,978
Events - net (Note 7)	(14,467)	385,667	371,200	263,511
Tim Hortons - net (Page 5)	169,299	-	169,299	78,382
	863,428	3,512,865	4,376,293	4,133,038
Expenses				
Fundraising, public relations and administration	594,653	-	594,653	574,862
Excess of Revenue over Expenses from Operations				
Change in fair value of investments	268,775	3,512,865	3,781,640	3,558,176
	(95,529)	(18,451)	(113,980)	446,673
Excess of Revenue over Expenses for the Year				
Fund Balance - Beginning of Year	173,246	3,494,414	3,667,660	4,004,849
Grants (Note 8)	4,663,112	5,825,552	10,488,664	7,636,724
Fund transfers	-	(2,161,258)	(2,161,258)	(1,152,909)
	20,060	(20,060)	-	-
Fund Balance - End of Year	4,856,418	7,138,648	11,995,066	10,488,664

See accompanying notes

BRANT COMMUNITY HEALTHCARE SYSTEM FOUNDATION

STATEMENT OF TIM HORTONS REVENUE AND EXPENSES

For the year ended March 31	2023	2022
Revenue	1,346,839	990,940
Expenses		
Amortization of equipment - net of donations	9,009	7,003
Amortization of intangible asset	3,000	3,000
Cost of goods sold	511,839	373,673
General and administrative	80,121	60,235
Royalty and levy	95,173	70,303
Salaries and benefits	478,398	398,344
	1,177,540	912,558
Excess of Revenue over Expenses	169,299	78,382

See accompanying notes

BRANT COMMUNITY HEALTHCARE SYSTEM FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended March 31	2023	2022
Cash Flows From Operating Activities		
Excess of Revenue over Expenses for the year	3,667,660	4,004,849
Charges (credits) to operations not requiring a current cash payment		
Amortization of capital assets	9,678	7,832
Amortization of intangible asset	3,000	3,000
Grants to Brant Community Healthcare System	(2,161,258)	(1,152,909)
Change in fair value of investments	249,971	(346,196)
	1,769,051	2,516,576
Net change in non-cash working capital balances related to operations (Note 12)	122,828	(154,693)
	1,891,879	2,361,883
Cash Flows From Investing Activities		
Purchase of capital assets	(20,060)	-
Increase (Decrease) in investments	(556,099)	(1,105,035)
	(576,159)	(1,105,035)
Net Increase in Bank During the Year	1,315,720	1,256,848
Bank - Beginning of Year	4,237,737	2,980,889
Bank - End of Year	5,553,457	4,237,737

See accompanying notes

BRANT COMMUNITY HEALTHCARE SYSTEM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

1. PURPOSE OF ORGANIZATION

Effective April 1, 2010, the Boards of Directors of the Brantford General Hospital Foundation and the Willett Hospital Foundation approved the amalgamation of the entities to form Brant Community Healthcare System Foundation ("the Foundation").

Fund balances of the Willett Foundation as of the date of the amalgamation have been restricted by the Board of Directors and are specifically for Willett programs and projects.

The Foundation raises funds through donations, fundraising activities, bequests and investments to financially support capital projects and specific programs of the Brantford General Hospital site and the Willett Hospital site of Brant Community Healthcare System ("the System"). The Foundation is incorporated without share capital under the laws of the Province of Ontario and is a registered charity associated with the System.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(b) **Fund Accounting and Contributions**

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

(i) General Fund

The General Fund reports unrestricted donations and all unrestricted investment income.

(ii) Restricted Fund

The Restricted Fund reports donations received from the Foundation's annual fundraising campaigns, other donations that are restricted by the donors and restricted investment income. The balance in the Restricted Fund represents various funds, all of which must be spent on specific fund programs as specified by the donors.

(iii) Recognition of Other Revenues

The Foundation recognizes its interest using the accrual basis of accounting. Revenues from shops are recognized at the time of sale and those from fundraising activities when such activities are held.

(c) **Pledges**

The amount of any funds pledged to the Foundation is not included in revenue until such time as the funds are received.

BRANT COMMUNITY HEALTHCARE SYSTEM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Donated Services, Materials and Facilities

The values of donated services, materials and facilities are not reported in these financial statements because of the difficulties in determining their fair value.

(e) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(f) Financial Instruments

Financial assets and liabilities are recognized when the Foundation becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights and obligations to receive or repay cash flows from the assets and liabilities have expired or have transferred and the Foundation has transferred substantially all the risks and rewards of ownership.

The Foundation initially recognizes all its financial assets and liabilities at fair value and subsequently at amortized cost, except for investments in equity instruments, which are recorded at fair value. Changes in fair value are recognized in the statement of operations and changes in fund balances. Financial assets, at amortized cost, are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

(g) Equipment

Equipment is stated at cost, less accumulated amortization. Amortization is provided on a straight-line basis using an annual rate of 20%. In the year of acquisition, amortization is provided for at one-half of the above rates. No amortization is provided for in the year of disposal.

(h) Intangible Asset

The finite-life intangible asset, the franchise license, is amortized on a straight-line basis over its estimated useful life of ten years.

(i) Impairment of Long-Lived Assets

An impairment charge is recognized for long-lived assets, including the finite-life intangible asset, when an event or change in circumstances causes the asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss is calculated as the difference between the fair value of the asset and its carrying value.

BRANT COMMUNITY HEALTHCARE SYSTEM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

3. INVESTMENTS	Cost 2023	Market Value 2023	Cost 2022	Market Value 2022
Cash	7,094	7,094	14,972	14,972
Fixed income funds	4,000,000	4,055,051	2,500,000	2,507,651
Common shares	1,551,593	2,754,119	1,542,791	3,038,951
Mutual funds	163,744	163,744	1,094,417	1,094,417
Other	54,722	68,956	68,874	86,846
	5,777,153	7,048,964	5,221,054	6,742,837
Hymers endowment	571,507	571,507	584,834	584,834
	5,205,646	6,477,457	4,636,220	6,158,003

4. CAPITAL ASSETS	Cost	Accumulated Amortization	Net 2023	Net 2022
Tim Hortons equipment	103,147	66,582	36,565	26,183

5. INTANGIBLE ASSET	Cost	Amortization	2023	2022
Franchise license	30,000	21,000	9,000	12,000

BRANT COMMUNITY HEALTHCARE SYSTEM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

6. RESTRICTED FUNDS	2023	2022
<hr/>		
Major categories of externally and internally imposed restrictions on net assets are as follows:		
Restricted Fund		
Ambulatory care / Out Patient Clinics	214,584	193,981
Critical care unit	33,514	33,305
Diagnostic imaging	210,963	(77,971)
Emergency services	3,537,314	1,992,136
Endowments	672,029	466,883
Family Birthing Centre/Constant Care Nursery	554,334	721,600
General equipment	300,500	239,745
Pediatrics	176,211	549,605
Palliative care	14,306	19,809
Other designated funds	917,194	994,947
	<hr/>	
	6,630,949	5,134,040

Fund Restricted to Willett Hospital Site		
Willett Hospital general	439,995	634,416
Patient equipment	28,442	28,442
Urgent care	25,868	14,944
Vital signs monitors	13,294	13,294
Other designated funds	100	416
	<hr/>	
	507,699	691,512

7. NET EVENT REVENUE

Expenses incurred for the purposes of hosting a fundraising event are taken from the non-restricted budget and accounts. These events are most often for a designated purpose, making the funds received "restricted".

8. GRANTS

During the year, the Foundation granted \$2,161,258 (2022 - \$1,152,909) to the System in support of capital equipment, \$Nil (2022 - \$Nil) in support of redevelopment projects, and \$Nil (2022 - \$Nil) in other grants for a renovation project.

BRANT COMMUNITY HEALTHCARE SYSTEM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

9. RELATED PARTY TRANSACTIONS

During the year, the System charged the Foundation for various fundraising, public relations and administrative expenses incurred on behalf of the Foundation in the amount of \$651,509 (2022 - \$625,966). All transactions were carried out in the normal course of operations and are recorded at the exchange value. This value corresponds to the consideration agreed upon by the parties and is determined based on the costs incurred. At year end, the Foundation had a balance owing to the System of \$576,386 (2022 - \$431,776).

10. GIFTS IN KIND

During the year, the Foundation received gifts in kind in the amount of \$23,396 (2022 - \$428,629). These amounts have not been reflected in the financial statements.

11. FINANCIAL INSTRUMENTS

The Foundation has also identified the following financial risks:

Credit Risk

The Foundation's exposure to credit risk relates to its accounts receivable. The risk of significant credit loss is considered remote.

Market Risk

The Foundation holds investments that may be subject to fluctuations in market value. The Foundation considers its investments to be conservative with low market risk.

Other Price Risk

Other price risk is the risk the fair value of the financial instruments will fluctuate due to changes in market prices, 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. As at March 31, 2023, the effect of a 1% change in market prices on the investments would have resulted in an increase or decrease in excess revenue over expenses of \$70,490 (2022 - \$67,428).

Liquidity Risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation's ability to meet obligations depends on the receipt of funds from donations, fundraising, and investment income.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to currency risk with respect to its investments held in US dollars.

BRANT COMMUNITY HEALTHCARE SYSTEM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

12. CASH FLOW FROM OPERATIONS	2023	2022
Accounts receivable	(509)	69,838
Government remittances receivable (net)	(11,236)	17,729
Inventory	(1,036)	2,085
Prepaid expenses	3,197	10,685
Accounts payable and accrued liabilities	(12,198)	(67,075)
Due to Brant Community Healthcare System	144,610	(187,955)
	122,828	(154,693)

13. COVID-19 PANDEMIC

In March 2020 the World Health Organization declared a global coronavirus pandemic. In response, the Government of Ontario imposed restrictions on all workplaces to protect the health and safety of all Ontarians. The Foundation is following all government regulations with respect to operating and is monitoring operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation.

The Foundation also received the Canada Emergency Business Account (CEBA) loan of \$60,000 in the prior year. The loan is interest free and has no repayment requirements prior to December 31, 2023 as long as the Foundation remains in good standing. If \$40,000 is fully repaid on or before December 31, 2023, \$20,000 is eligible for forgiveness and has been taken into income in the prior year, as there is reasonable assurance the Foundation will repay the \$40,000 by December 31, 2023.

14. COMPARATIVE FIGURES

Certain of the prior year's figures, provided for purposes of comparison, have been reclassified to conform with the current year's presentation.