

Financial Statements of

**QUEENSWAY CARLETON
HOSPITAL FOUNDATION**

Year ended March 31, 2022

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Financial Statements

Year ended March 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Queensway Carleton Hospital Foundation

We have audited the financial statements of the Queensway Carleton Hospital Foundation (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2022;
- the statement of operations for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 27, 2022

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	General Fund	Endowment Fund	Restricted Fund (note 8)	Total 2022	Total 2021
Assets					
Current assets:					
Cash	\$ 3,645,566	\$ -	\$ 4,915,989	\$ 8,561,555	\$ 8,747,193
Due from (to) funds	73,650	-	(73,650)	-	-
Due from the Hospital (note 11)	-	-	-	-	22,323
Short-term investments (note 4)	148,226	-	-	148,226	180,282
Accounts receivable	1,249	-	1,469	2,718	68,393
Prepaid expenses	46,240	-	213	46,453	52,419
Inventory	-	-	54,882	54,882	70,892
	3,914,931	-	4,898,903	8,813,834	9,141,502
Long-term investments (note 4)	-	3,275,130	284,644	3,559,774	3,352,196
Capital assets (note 5)	7,204	-	6,031,175	6,038,379	6,528,324
	\$ 3,922,135	\$ 3,275,130	\$ 11,214,722	\$ 18,411,987	\$ 19,022,022
Liabilities and Net Assets					
Current liabilities:					
Due to the Hospital (note 11)	\$ 505,022	\$ -	\$ 97,392	\$ 602,414	\$ 165,821
Accounts payable and accrued liabilities	207,802	-	20,389	228,191	222,954
Deferred contributions (note 6)	145,882	-	-	145,882	148,055
Debt (note 7)	-	-	956,358	956,358	2,571,188
	858,706	-	1,074,139	1,932,845	3,108,018
Fund balances:					
Unrestricted	3,056,225	-	-	3,056,225	2,237,449
Endowment	-	3,275,130	-	3,275,130	3,108,070
Restricted (note 8)	-	-	5,065,766	5,065,766	6,611,349
Invested in capital assets	7,204	-	5,074,817	5,082,021	3,957,136
	3,063,429	3,275,130	10,140,583	16,479,142	15,914,004
	\$ 3,922,135	\$ 3,275,130	\$ 11,214,722	\$ 18,411,987	\$ 19,022,022

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Statement of Operations

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

	General Fund		Endowment Fund		Restricted Fund		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	(note 8)							
Revenue:								
Donations	\$ 3,679,947	\$ 3,486,308	\$ 13,670	\$ –	\$ 2,011,617	\$ 2,166,061	\$ 5,705,234	\$ 5,652,369
Investment income	144,563	47,047	(9,832)	441,794	42,675	60,336	177,406	549,177
Parking operations	–	–	–	–	3,505,033	2,291,445	3,505,033	2,291,445
Gift shop	–	–	–	–	281,993	169,456	281,993	169,456
	3,824,510	3,533,355	3,838	441,794	5,841,318	4,687,298	9,669,666	8,662,447
Expenses:								
Salaries and benefits (note 11)	1,337,616	1,339,909	–	–	–	–	1,337,616	1,339,909
Fundraising and administrative	521,601	602,457	–	–	–	–	521,601	602,457
Investment fees	19,113	16,846	–	–	2,606	2,517	21,719	19,363
Parking operations (note 11)	–	–	–	–	1,236,422	1,078,325	1,236,422	1,078,325
Gift shop	–	–	–	–	273,347	193,494	273,347	193,494
Interest on debt	–	–	–	–	60,378	114,907	60,378	114,907
Amortization of capital assets	945	–	–	–	489,000	489,000	489,945	489,000
	1,879,275	1,959,212	–	–	2,061,753	1,878,243	3,941,028	3,837,455
Excess (deficiency) of revenue over expenses before grants	1,945,235	1,574,143	3,838	441,794	3,779,565	2,809,055	5,728,638	4,824,992
Grants (note 11)	(1,347,054)	(1,230,310)	–	–	(3,816,446)	(1,346,785)	(5,163,500)	(2,577,095)
Excess (deficiency) of revenue over expenses	\$ 598,181	\$ 343,833	\$ 3,838	\$ 441,794	\$ (36,881)	\$ 1,462,270	\$ 565,138	\$ 2,247,897

See accompanying notes to financial statements.

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Statement of Changes in Fund Balances

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

	General Fund		Endowment Fund	Restricted Fund		Total 2022	Total 2021
	Unrestricted	Invested in capital assets		Restricted	Invested in capital assets (note 9)		
Balance, beginning of year	\$ 2,237,449	\$ –	\$ 3,108,070	\$ 6,611,349	\$ 3,957,136	\$ 15,914,004	\$ 13,666,107
Excess of revenue over expenses	598,181	–	3,838	(36,881)	–	565,138	2,247,897
Net change in fund balance invested in capital assets (note 9)	(7,204)	7,204	–	(1,117,681)	1,117,681	–	–
Interfund transfers (note 10)	227,799	–	163,222	(391,021)	–	–	–
Balance, end of year	\$ 3,056,225	\$ 7,204	\$ 3,275,130	\$ 5,065,766	\$ 5,074,817	\$ 16,479,142	\$ 15,914,004

See accompanying notes to financial statements.

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Statement of Cash Flows

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

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 565,138	\$ 2,247,897
Items not involving cash:		
Net change in unrealized gains and losses on investments	25,663	(440,974)
Amortization of capital assets	489,945	489,000
Net change in non-cash operating working capital:		
Accounts receivable	65,675	(55,531)
Prepaid expenses	5,966	(31,723)
Inventory	16,010	4,135
Due to the Hospital	458,916	(4,484)
Accounts payable and accrued liabilities	5,237	110,172
Deferred contributions (note 6)	(2,173)	(2,058)
	1,630,377	2,316,434
Investing activities:		
Purchase of investments	(302,241)	(793,047)
Sales and maturities of investments	101,056	72,258
Purchase of capital assets	—	(8,149)
	(201,185)	(728,938)
Financing activities:		
Principal repayments of debt	(1,614,830)	(1,440,866)
Increase in cash	(185,638)	146,630
Cash, beginning of year	8,747,193	8,600,563
Cash, end of year	\$ 8,561,555	\$ 8,747,193

See accompanying notes to financial statements.

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2022

1. Nature of entity:

The Queensway Carleton Hospital Foundation (the "Foundation") is a not-for-profit organization incorporated without share capital under the Ontario Business Corporations Act with the objective to raise, receive, maintain and manage funds to be distributed towards various programs and capital projects of the Queensway Carleton Hospital (the "Hospital").

The Foundation is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes and may issue charitable donation receipts.

2. Significant accounting policies:

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

(a) Fund accounting:

The accounts of the Foundation are maintained in accordance with the principles of fund accounting, applying the restricted fund method. Resources received and expended are classified for accounting and reporting purposes into funds according to objectives specified externally by donors or internally by the Board of Directors.

(i) General Fund:

The General Fund accounts for the Foundation's general fundraising, granting, administrative activities, and restricted contributions for purposes other than those restricted by the Endowment Fund, as well as the Funds for Designated Purposes, the Advancing Care for All Ages Campaign, and the Parking and Gift Shop Operations Fund (collectively the Restricted Fund).

(ii) Endowment Fund:

The Endowment Fund includes those resources for which the donor has stipulated that the funds be maintained permanently and as well funds designated internally for endowment purposes, which are not available for other purposes without the approval of the Board of Directors.

The Endowment Fund includes:

- The John Sutherland Endowment Fund established for the purpose of accumulating capital, the income from which will be used to purchase new or replace aging equipment of the Hospital.
- The Bradley Endowment Fund established to assist the staff of the Hospital in training and development, the income from which may be used for this purpose.

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(a) Fund accounting (continued):

(ii) Endowment Fund (continued):

- The Nurses Endowment Fund established to assist with nursing education, the income from which may be used for this purpose.
- The Dr. Ladislav Doubek Fund established to assist with surgical education and capital equipment for the operating rooms, the income from which may be used for this purpose.
- The Hon. Dick and Dr. Ruth Bell Endowment Fund established to generate income of which 25% of earnings is to provide an annual scholarship to support Hospital female staff pursuing leadership education opportunities and the remaining earnings to be used to enhance patient care in areas identified as clinical priorities by the Hospital.
- The Tom Schonberg Endowment Fund established for the purpose of accumulating capital, the income from which will be used to support education and training opportunities for all staff within the Queensway Carleton Hospital, with a preferred focus on leadership development; and/or support capital replacement needs.

(iii) Restricted Fund:

The Restricted Fund includes both internally and externally restricted funds. The Restricted Fund includes:

- Funds for Designated Purposes:

The Funds for Designated Purposes represent resources that will be distributed for several specific purposes. These resources include donor designated donations for various Hospital departments and equipment purchases and undistributed endowment investment income.

Effective April 1, 2017, the Funds for Designated Purposes also includes the balance of the collection of pledges raised under the Care Grows West Campaign. The Care Grows West Campaign concluded active fundraising activities on March 31, 2012. The net proceeds of this are for the purchase of Hospital equipment and the Hospital Redevelopment Projects.

- Advancing Care for All Ages Campaign:

The Advancing Care for All Ages Campaign fund includes resources that have been raised under the Foundation's current campaign. The net proceeds of this campaign are to be used for the following investments at Queensway Carleton Hospital to meet growing needs for healthcare in the community:

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(a) Fund accounting (continued):

(iii) Restricted Fund (continued):

- Advancing Care for All Ages Campaign (continued):
 - Redevelopment of the Hospital's Mental Health inpatient and outpatient units for an projects. The balance of the project will be funded by the Queensway Carleton Hospital Foundation and the Queensway Carleton Hospital. The project is expected to be completed by March 31, 2024 with estimated project costs of \$13,395,000. The MOH has approved a maximum capital grant for the project of \$9,059,000.
 - New and ongoing replacement state-of-the art equipment and redevelopment projects that support and optimize QCH Centres of Excellence in patient care; such as: Diagnostic Imaging, Surgery, Medicine and the Birthing Centre. Resulting in lower wait times for much needed diagnoses, and better patient experience and outcomes.
 - Collaborative and hospital wide education and training that fosters best practices in patient and family centered care.
 - Efficiencies and improved outcomes through investment in technology and modernization.
- The Parking and Gift Shop Operations Fund:

The Parking and Gift Shop Operations Fund includes resources that have been earned from the net proceeds of the Parking and Gift Shop Operations.

(b) Revenue recognition:

Donations are recorded as revenue when received.

Revenue from special events is recognized when the event occurs.

Unrestricted contributions are recognized as revenue of the General Fund. Designated donations are recorded as revenue of the Endowment Fund and Restricted Fund as appropriate. If there is no appropriate restricted fund, restricted contributions are accumulated as deferred contributions of the General Fund and subsequently recognized as revenue of the General Fund upon transfer to the Hospital.

Investment income includes dividend and interest income, realized and unrealized gains and losses on investments.

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Investment income for the General Fund and Restricted Fund is recognized as revenue in the statement of operations when earned, for both realized and unrealized income, in each of the respective funds in which the investment is held. Unrestricted investment income and realized gains and losses earned on the Endowment Fund are recognized in the General Fund and then allocated to the Funds for Designated Purposes within the Restricted Fund via an interfund transfer. Restricted investment income earned on externally restricted endowments is recognized in the Funds for Designated Purposes within the Restricted Fund.

Realized gains and losses on externally restricted endowments are recognized in the statement of operations of the Endowment Fund.

Donations of materials are recorded as revenue at fair value when received.

(c) Fundraising and general support costs:

Fundraising, administrative and general support costs, including salaries and benefits, are presented under the General Fund on the statement of operations. Fundraising, salary and benefits expenses directly related to the Advancing Care for All Ages Campaign are funded through an interfund transfer from the Advancing Care for All Ages Campaign fund in the Restricted Fund to the General Fund (note 10). Salary and benefits expenses funded by the Advancing Care for All Ages Campaign are based on an estimate of staff time for those staff members who are dedicated to the fundraising efforts of the Advancing Care for All Ages Campaign.

(d) Donated services:

Volunteers donate significant time each year to assist the Foundation in carrying out its services. These donated services are not recognized in the financial statements because of the difficulty associated with measurement.

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(e) Investments:

All investments (except the life annuity contract) are recorded at fair value. Purchases of investments are recorded on the settlement date.

(i) Short-term investments:

The life annuity contract is recorded at amortized cost. In 2005, the Foundation received a donation of \$170,726 which was used to purchase the life annuity. As part of this donation arrangement, the Foundation was assigned all beneficiary rights of a life insurance policy. In the event of the passing of the insured, the Foundation is entitled to receive a payment of \$1,500,000. The annual income from the annuity coincides with and is used to pay the annual insurance premium of the life insurance policy. Both the annual income on the annuity and the life insurance premium have been recorded in the General Fund statement of operations of the Foundation. An asset and a deferred revenue have been recorded, which approximates the fair value of the annuity.

(ii) Long-term investments:

The long-term investments held by the Foundation consist of investments held for the Endowment Fund and the Funds for Designated Purposes in the Restricted Fund. These investments are recorded at fair value.

(f) Inventory:

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

(g) Capital assets:

Capital assets are recorded at cost. Minor equipment replacements are expensed in the year of replacement. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. When a capital asset no longer contributes to the Foundation's ability to provide services, its carrying amount is written down to its residual value. Amortization expense is recorded in the General Fund and the Parking and Gift Shop Operations Fund and is provided on the straight-line basis over the following useful lives:

Asset	Useful life
Computer hardware and software	5 years
Office furniture	5 years
Gift shop improvements	5 years
Parking facility license	25 years

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(h) Long-term debt:

Long-term debt is recorded at amortized cost using the effective interest rate method. The fair value of the debt is based on an assessment of interest rate risk and credit risk.

(i) Derivative financial instruments:

The Foundation uses derivative financial instruments to manage interest rate risk. The only derivative product used is an interest rate swap (see note 7 for further details).

Hedge accounting is applied when a derivative is designated a hedge of a specific exposure and there is reasonable assurance that it will continue to be effective throughout the term of the hedge relationship. The Foundation uses an interest rate swap designated as a cash flow hedge to hedge variability in forecasted cash flows. Changes in the fair value of effective cash flow hedges are not recorded. If the cash flow hedge is not effective, changes in the fair value of cash flow hedge will be reported directly in the statement of operations.

The periodic exchanges of payments on interest rate swaps designated as hedges of debt are recorded as an adjustment to interest expenses of the hedged item in the same period.

(j) Other financial instruments:

Amounts receivable and due from the Hospital are carried at amortized cost, which approximates fair value.

Due to the Hospital and accounts payable and accrued liabilities are carried at amortized cost, which approximates fair value.

(k) 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates include judgments as to the recoverability of amounts receivable, the fair value of investments, the useful lives of capital assets and the amount of certain accrued liabilities. Actual results could differ from these estimates. These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the financial statements in the period they become known.

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

3. Fund balances:

The Foundation defines its capital as the fund balances of the General Fund, the Endowment Fund, the Restricted Fund (Funds for Designated Purposes, the Advancing Care for All Ages Campaign, and the Parking and Gift Shop Operations Fund) and long-term debt. These restricted funds are maintained to segregate contributions raised and expended according to restrictions made externally by donors or internally by the Board of Directors as described in note 2. Resources expended from these funds are primarily in the form of grants to the Hospital which must be approved by the Foundation's Board of Directors ensuring restrictions are met through the Hospital's accountability on the use of the grants on specific capital projects and programs. The Foundation has complied with the requirements respecting restricted contributions throughout the year.

The Foundation monitors its cost of raising capital consistent with fundraising industry standards on the basis of cost per dollar raised. The Foundation's strategy is to maintain a cost per dollar raised within acceptable industry standards to safeguard the Foundation's ability to continue as an effective fundraising and fund managing charitable organization and to meet its objective as described in note 1.

Information regarding the long-term debt is disclosed in note 7.

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

4. Investments:

Investments held as at March 31, 2022 consist of the following:

March 31, 2022	General Fund		Endowment Fund		Restricted Fund		Total	
	Fair value	Cost	Fair value	Cost	Fair value	Cost	Fair value	Cost
Fixed income mutual fund and cash	\$ –	\$ –	\$ 938,079	\$ 885,031	\$ 284,644	\$ 284,644	\$ 1,222,723	\$ 1,169,675
Cash Surrender Value of Policies	2,344	2,344	–	–	–	–	2,344	2,344
Life annuity contract (note 6)	145,882	145,882	–	–	–	–	145,882	145,882
Equity mutual funds:								
Canadian	–	–	1,362,569	1,074,270	–	–	1,362,569	1,074,270
Foreign	–	–	974,482	787,316	–	–	974,482	787,316
	–	–	2,337,051	1,861,586	–	–	2,337,051	1,861,586
Total investments	148,226	148,226	3,275,130	2,746,617	284,644	284,644	3,708,000	3,179,487
Short-term investments	(148,226)	(148,226)	–	–	–	–	(148,226)	(148,226)
Long-term investments	\$ –	\$ –	\$ 3,275,130	\$ 2,746,617	\$ 284,644	\$ 284,644	\$ 3,559,774	\$ 3,031,261

Investments held as at March 31, 2021 consist of the following:

March 31, 2021	General Fund		Endowment Fund		Restricted Fund		Total	
	Fair value	Cost	Fair value	Cost	Fair value	Cost	Fair value	Cost
Fixed income mutual fund and cash	\$ –	\$ –	\$ 797,839	\$ 698,394	\$ 244,126	\$ 244,126	\$ 1,041,965	\$ 942,520
Cash Surrender Value of Policies	32,227	32,227	–	–	–	–	32,227	32,227
Life annuity contract (note 6)	148,055	148,055	–	–	–	–	148,055	148,055
Equity mutual funds:								
Canadian	–	–	1,156,448	984,198	–	–	1,156,448	984,198
Foreign	–	–	1,153,783	871,302	–	–	1,153,783	871,302
	–	–	2,310,231	1,855,500	–	–	2,310,231	1,855,500
Total investments	180,282	180,282	3,108,070	2,553,894	244,126	244,126	3,532,478	2,978,302
Short-term investments	(180,282)	(180,282)	–	–	–	–	(180,282)	(180,282)
Long-term investments	\$ –	\$ –	\$ 3,108,070	\$ 2,553,894	\$ 244,126	\$ 244,126	\$ 3,352,196	\$ 2,798,020

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

5. Capital assets:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer hardware and software	\$ 101,638	\$ 101,638	\$ –	\$ –
Office furniture	58,328	58,328	–	–
Lottery Kiosk	8,149	945	7,204	–
Gift shop improvements	73,860	73,860	–	8,149
Parking facility license (note 11)	12,225,175	6,194,000	6,031,175	6,520,175
	<u>\$ 12,467,150</u>	<u>\$ 6,428,771</u>	<u>\$ 6,038,379</u>	<u>\$ 6,528,324</u>

Cost and accumulated amortization as at March 31, 2021 amounted to \$12,467,150 and \$5,938,826, respectively.

6. Deferred contributions:

The deferred contributions represent the unamortized balance of the donations received for the life annuity contract. The changes in the year are as follows:

	2022	2021
Balance, beginning of year	\$ 148,055	\$ 150,113
Amount recognized during the year	(2,173)	(2,058)
Balance, end of year	<u>\$ 145,882</u>	<u>\$ 148,055</u>

7. Debt:

	2022	2021
Parking facility demand loan, reaching maturity in October 2022, interest rate of 3.55%, monthly payments made on an escalating schedule including principal and interest	<u>\$ 956,358</u>	<u>\$ 2,571,188</u>

The long-term debt had been classified as short-term in 2021 because the loan is due on demand. The debt is due October 2022 and therefore continues to be classified as short-term.

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

7. Debt (continued):

The Foundation is required to make monthly payments (principal and interest) as follows:

March 2022 to October 2022	\$ 967,624
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Principal payments required, assuming the demand loan is not called, are as follows:

2023	\$ 956,358
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(a) Interest rate derivative agreements:

Interest rate swaps are agreements where two counterparties exchange a series of payments based on different interest rates applied to a notional amount in a single currency. Interest rate swaps are used to adjust exposure to interest rate risk by modifying the repricing or maturity characteristics of existing and/or anticipated assets and liabilities.

The Foundation applied hedge accounting to the following transactions:

The Foundation converted \$10,500,000 of floating rate debt of the parking facility bank loan to fixed rate debt of 3.55%. This derivative agreement is effective from July 15, 2009 to October 3, 2022.

(b) Derivatives - notional amounts:

Notional amounts serve as a point of reference for calculating payments and are a common measure of business volume. The notional amount of the Foundation's derivative transactions as at March 31, 2022 was \$956,358 (2021 - \$2,571,188).

(c) Fair value:

As at March 31, 2022, the interest rate swaps have unrealized losses, which are not recorded on the statement of financial position, of \$5,704 (2021 - \$55,765). The fair value of the loans as at March 31, 2022 was \$962,062 (2021 - \$2,626,953).

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Restricted fund:

Details on the assets, liabilities, fund balances, revenues and expenses of the individual funds that make up the restricted fund are shown as follows:

	Funds for Designated Purposes	Advancing Care for All Ages Campaign	Parking and Gift Shop Operations Fund	2022 Total	2021 Total
Assets					
Current assets:					
Cash	\$ 366,558	\$ 3,662,580	\$ 886,851	\$ 4,915,989	\$ 6,318,706
Due from (to) funds	(2,108)	(71,542)	–	(73,650)	(4,344)
Accounts Receivable	–	–	1,469	1,469	9,881
Prepaid Expenses	–	–	213	213	292
Inventory	–	–	54,882	54,882	70,892
	364,450	3,591,038	943,415	4,898,903	6,395,427
Long-term investments (note 4)	284,644	–	–	284,644	244,126
Capital assets (note 5)	–	–	6,031,175	6,031,175	6,528,324
	\$ 649,094	\$ 3,591,038	\$ 6,974,590	\$ 11,214,722	\$ 13,167,877
Liabilities					
Current liabilities:					
Due to the Hospital	\$ –	\$ –	\$ 97,392	\$ 97,392	\$ 8,616
Accounts payable and accrued liabilities	–	–	20,389	20,389	19,588
Debt (note 7)	–	–	956,358	956,358	2,571,188
	–	–	1,074,139	1,074,139	2,599,392
Fund balances	649,094	3,591,038	5,900,451	10,140,583	10,568,485
	\$ 649,094	\$ 3,591,038	\$ 6,974,590	\$ 11,214,722	\$ 13,167,877

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Restricted fund (continued):

	Funds for Designated Purposes	Advancing Care for All Ages Campaign	Parking and Gift Shop Operations Fund	2022 Total	2021 Total
Revenue:					
Donations	\$ 211,385	\$ 1,800,232	\$ –	\$ 2,011,617	\$ 2,166,061
Investment income	4,015	33,611	5,049	42,675	60,336
Parking operations	–	–	3,505,033	3,505,033	2,291,445
Gift shop	–	–	281,993	281,993	169,456
	215,400	1,833,843	3,792,075	5,841,318	4,687,298
Expenses:					
Investment fees	2,606	–	–	2,606	2,517
Parking operations (note 11)	–	–	1,236,422	1,236,422	1,078,325
Gift shop	–	–	273,347	273,347	193,494
Interest on debt	–	–	60,378	60,378	114,907
Amortization of capital assets	–	–	489,000	489,000	489,000
	2,606	–	2,059,147	2,061,753	1,878,243
Excess of revenue over expenses before grants	212,794	1,833,843	1,732,928	3,779,565	2,809,055
Grants (note 11)	(118,672)	(3,157,774)	(540,000)	(3,816,446)	(1,346,785)
Excess (deficiency) of revenue over expenses	94,122	(1,323,931)	1,192,928	(36,881)	1,462,270
Fund balances, beginning of year	469,188	5,383,625	4,715,672	10,568,485	9,504,277
Interfund transfers (note 10)	85,784	(468,656)	(8,149)	(391,021)	(398,062)
Fund balances, end of year	\$ 649,904	\$ 3,591,038	\$ 5,900,451	\$ 10,140,583	\$ 10,568,485

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Restricted fund (continued):

(a) Funds for Designated Purposes:

The fund balance as at March 31 consists of the following:

	2022	2021
Designated donations to be granted to the Hospital	\$ 343,384	\$ 204,090
Undistributed endowment net investment income	305,710	265,098
	\$ 649,094	\$ 469,188

(b) Parking and Gift Shop Operations Fund:

Changes in the fund balance for the year-ended March 31, 2022 consists of the following:

	Operations	Invested in capital assets	Internally restricted	Total
Fund balances, beginning of year	\$ 466,839	\$ 3,957,136	\$ 291,697	\$ 4,715,672
Excess of revenue over expenses	1,192,928	-	-	1,192,928
Net change in fund balance invested in- capital assets (note 9)	(1,125,830)	1,125,830	-	-
Interfund Transfer to General Fund (note 10)	-	(8,149)	-	(8,149)
Internally restricted	(10,306)	-	10,306	-
Fund balances, end of year	\$ 523,631	\$ 5,074,817	\$ 302,003	\$ 5,900,451

Internally restricted funds represent amounts restricted by the Foundation from net gift shop revenue, restricted for the purpose of supporting the mandate of the Hospital's Volunteer Services.

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

9. Net change in fund balances invested in capital assets:

Changes in fund balances invested in capital assets during the year are as follows:

	2022		2021	
	General Fund	Parking and gift shop operations	General Fund	Parking and gift shop operations
Principal repayment of long-term debt	\$ -	\$ 1,614,830	\$ -	\$ 1,449,015
Amortization of capital assets	(945)	(489,000)	-	(489,000)
	(945)	1,125,830	-	960,015
Interfund transfers (note 10)	8,149	(8,149)	-	-
Net change in fund balances invested in capital assets	\$ 7,204	\$ 1,117,681	\$ -	\$ 960,015

10. Interfund transfers:

During the period, a net amount of \$391,021 (2021 - \$398,062) was transferred between the Restricted Fund and the General Fund, comprised as follows (note 8):

- An amount of \$85,784 (2021 - \$4,844) was transferred between the General Fund and the Fund for Designated Purposes, comprised as follows:
 - An amount of \$111,957 (2021 - \$5,579) was transferred from the General Fund to the Fund for Designated Purposes which represents the realized net investment income from the unrestricted endowment.
 - An amount of \$26,173 (2021 - \$10,423) was transferred from the Fund for Designated Purposes to the General Fund which represents direct salaries, benefits and fundraising costs incurred during the period for a designated gift.
- An amount of \$8,149 (2021 - \$Nil) was transferred from the Parking and Gift Shop Operations Fund to the General Fund which represents the capital costs of the Lottery Kiosk that were included in the Parking and Gift Shop Operations Invested in Capital Assets in the prior year.
- An amount of \$468,656 (2021 - \$393,218) was transferred from the Advancing Care for All Ages Campaign to the General Fund, which represents the direct salaries and benefits and fundraising costs incurred during the period for the Advancing Care for All Ages Campaign (note 2).

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

10. Interfund transfers (continued):

During the period, an amount of \$163,222 (2021 - \$151,132) was transferred from the General Fund to the Endowment Fund, which represents the contributions for the Tom Schonberg Endowment Fund (note 2).

11. Related party transactions:

(a) Queensway Carleton Hospital:

A net amount of \$602,414 (2021 - \$143,498) was due to the Hospital as at March 31, 2022; this amount is comprised of reimbursement of expenses incurred on the Foundation's behalf and balances due for the grants made to the Hospital.

During the year ended March 31, 2022, a total of \$5,163,500 (2021 - \$2,577,095) was granted to the Hospital consisting of contributions for capital purposes of \$5,077,500 (2021 - \$2,551,600) and other contributions of \$86,000 (2021 - \$25,495).

Included in Fundraising and administrative expenses in the statement of operations is \$92,000 (2021 - \$91,000) for time spent by Hospital staff working for the Foundation.

In 2009, the Hospital entered into a twenty-year License Agreement with the Foundation whereby the Foundation has the exclusive right to operate the parking facilities in exchange for a one-time upfront license fee in the amount of \$11,927,000 plus applicable taxes, equal to the fair value of the parking facilities at the time of the agreement. The Foundation has no other license fee payments to make to the Hospital as a result of the license agreement.

In connection with the License Agreement in 2009, the Foundation and the Hospital signed two separate agreements, whereby the Foundation purchases services from the Hospital for maintenance/repair and management of the parking facilities. For the year ended March 31, 2022, the Foundation paid the Hospital \$808,043 (2021 - \$735,540) for maintenance and repairs and \$174,156 (2021 - \$114,572) for management of the parking facilities.

(b) Ottawa Hospitals Food Association (formerly Healthcare Food Services. Inc.)

The Foundation and Ottawa Hospitals Food Association ("OHFA") are related parties by virtue of both entities being related parties of the Hospital.

On May 13, 2019, the Board of Directors of Hospital Food Services ("HFS") finalized the sale of substantially all of the assets of HFS to a third party purchaser. As unanimously agreed upon by the Member Hospitals and the Board of Directors of HFS, the net proceeds of the HFS sale will be distributed to each of the member Hospital's respective Foundations. Effective the date of sale, HFS changed its operating name to Ottawa Hospitals Food Association ("OHFA").

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. Related party transactions (continued):

On November 8, 2019, the Board Directors of OHFA approved a motion to distribute \$10,000,000 to the member hospital Foundation's based on their share. The Foundation's share of the distribution is 6.05%, and the Foundation received a donation of \$605,000 in March 2020.

A distribution of \$2,700,000 (2021 - \$2,500,000) to the member Hospitals was made in June 2021 (2021- June 2020). The share received by the Foundation was \$163,222 (2021 - \$151,000) representing 6.05% of the total distribution. The amount is recorded in unrestricted donations in the General Fund on the statement of operations.

12. Financial risks:

The Foundation has financial risks related to its financial instruments which consist of cash, investments, receivables, due from related entities, accounts payable and accrued liabilities, debt, and amounts due to entities. It is management's opinion that the Foundation generally is not exposed to significant credit, market or liquidity risks arising from these instruments. The impact of the COVID-19 pandemic is disclosed in note 13.

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to this risk relating to its cash, investments and accounts receivable. The Foundation holds its cash and investment accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

The Foundation believes that its receivables do not have significant credit risk in excess of allowances for doubtful accounts that have been established. An allowance for doubtful accounts has not been recognized as at the year ended March 31, 2022.

(b) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and other price risk.

(i) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments due to changes in market interest rates.

The Foundation is not exposed to significant interest rate risks arising from its financial instruments. The Hospital has established strict guidelines that are monitored regularly and does not hold or issue derivative financial instruments for trading or speculative purposes.

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

12. Financial risks (continued):

(b) Market risk (continued):

(ii) Currency risk:

Currency risk arises from the Endowment's investment portfolio holdings of non-Canadian equities. The foreign content of investments total \$974,482 (2021 - \$1,153,783) and is comprised of \$492,854 (2021 - \$631,604) in United States-based equity mutual funds and \$481,628 (2021 - \$522,179) in other international-based equity mutual funds. As described in note 4, the Endowment's investment portfolio no longer holds individual non-Canadian equity securities but rather non-Canadian equity mutual funds to mitigate foreign currency risk.

(iii) Other price risk:

The Foundation is not exposed to significant other price risk.

(c) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

It is management's opinion that the Foundation is not exposed to significant market, credit, or liquidity risks arising from these instruments. These risks have not significantly changed from 2021.

QUEENSWAY CARLETON HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

13. Impact of Coronavirus COVID-19 Pandemic:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had significant financial, market and societal impacts.

Management has been forthright in undertaking certain strategies and actions to respond to the COVID-19 outbreak. The health and safety of all staff has been reinforced as the priority for the Foundation for Mental Health. Management has taken the following actions:

- implemented work-from-home requirements for employees, suspended travel and shifted events and face-to-face meetings to digital methods, the closure of its facilities in line with provincial guidelines.
- the Foundation sought access to available Government support such as the Canadian Emergency Wage Subsidy (CEWS).

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed at year-end. Management has assessed the financial impacts and there are no additional adjustments required to the financial statements at this time.

The Foundation continues to respond to the pandemic and plans for continued operational and financial impacts during the next fiscal year and beyond. Management has assessed the impact of COVID-19 and believes there are no significant financial issues that compromise its ongoing operations. The outcome and timeframe to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its effect on future operations at this time.

14. Comparative information:

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