

*Oakville Hospital Foundation
Financial Statements
For the year ended March 31, 2020*

*Oakville Hospital Foundation
Financial Statements
For the year ended March 31, 2020*

Contents

Comments from the Chair of the Finance, Risk, Audit and Investment Committee and Chief Executive Officer	2
Independent Auditor's Report	3 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Changes in Net Assets	6
Statement of Operations	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 13



Comments from the Chair of the FRAI Committee & the Chief Executive Officer

We are pleased to report that the Oakville Hospital Foundation ended the 2019/20 fiscal year with total fundraising revenue of \$11,093,851, thanks to the ongoing generosity of our donor community, and the dedication of our volunteers and staff. We realized a \$93,644 of net investment loss due to current market fluctuations resulting in net revenue (after expenses) of \$7,415,514.

This fiscal year, 7,720 donors contributed to our fundraising programs which consist of major gifts, direct mail, telemarketing, a staff and physician appeal, special events, tribute giving and community partner events. As a result, the Foundation was honoured to transfer \$6,553,930 in donated funds to Oakville Trafalgar Memorial Hospital in fiscal year 2019/20. Of this amount, \$1,016,313 was designated outside of the equipment list and the remainder funded equipment.

We are grateful for the many individuals, families and organizations we partner with in the community, as our success, and the Hospital's, can only be achieved with their support.

Thank you,

A handwritten signature in black ink, appearing to read "Tom Rothfischer".

Tom Rothfischer, CPA, CMA, CA
Chair, Finance, Risk, Audit & Investment Committee
Oakville Hospital Foundation

A handwritten signature in black ink, appearing to read "Mary McPherson".

Mary McPherson, CFRE
Chief Executive Officer
Oakville Hospital Foundation



Tel: 905 270-7700
Fax: 905 270-7915
Toll-free: 866 248 6660
www.bdo.ca

BDO Canada LLP
1 City Centre Drive, Suite 1700
Mississauga ON L5B 1M2 Canada

Independent Auditor's Report

To the Members of Oakville Hospital Foundation

Opinion

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

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

Basis for Opinion

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



Independent Auditor's Report (continued)

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.

BDO Canada LLP

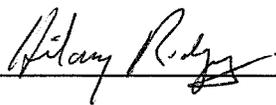
Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
June 5, 2020

Oakville Hospital Foundation
Statement of Financial Position
(expressed in thousands)

As at March 31	2020	2019
ASSETS		
Cash	\$ 5,503	\$ 4,049
Short-term investments (note 2)	1,860	1,800
Accounts receivable and other assets	172	110
Investments for endowment and restricted funds (note 3)	17,201	17,673
	\$ 24,736	\$ 23,632
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 250	\$ 188
Due to Halton Healthcare Services Corporation (note 4)	670	490
	920	678
Net Assets		
Capital and donor designated funds (note 5)	5,672	4,338
Internally restricted funds (note 6)	4,939	5,198
Donor restricted endowment fund (note 6)	12,262	12,475
Unrestricted funds	943	943
	23,816	22,954
	\$ 24,736	\$ 23,632

On behalf of the Board of Directors:

 _____
Tim Porter, Board Chair Chair

 _____
Treasurer

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

Oakville Hospital Foundation
Statement of Changes in Net Assets
(expressed in thousands)

	Capital and Donor Designated Funds	Internally Restricted Funds	Donor Restricted Endowment Fund	Unrestricted Funds	Total
March 31, 2020					
	(note 5)	(note 6)	(note 6)		
Balance, beginning of year	\$ 4,338	\$ 5,198	\$ 12,475	\$ 943	\$ 22,954
Excess (deficiency) of revenues over expenses for the year	2,088	(49)	157	5,220	7,416
Investment income	196	(27)	(88)	(81)	-
Fund transfer	66	-	(66)	-	-
Donations and grants distributed (note 7)	(1,016)	(183)	(216)	(5,139)	(6,554)
Balance, end of year	\$ 5,672	\$ 4,939	\$ 12,262	\$ 943	\$ 23,816
March 31, 2019					
	(note 5)	(note 6)	(note 6)		
Balance, beginning of year	\$ 4,502	\$ 5,036	\$ 11,422	\$ 943	\$ 21,903
Excess (deficiency) of revenue over expenses for the year	775	(50)	399	7,202	8,326
Investment income	85	393	916	(1,394)	-
Donations and grants distributed (note 7)	(1,024)	(181)	(262)	(5,808)	(7,275)
Balance, end of year	\$ 4,338	\$ 5,198	\$ 12,475	\$ 943	\$ 22,954

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

Oakville Hospital Foundation
Statement of Operations
(expressed in thousands)

For the year ended March 31	2020	2019
Revenues		
Fundraising (note 8)	\$ 11,094	\$ 10,356
Expenses		
Fundraising	3,584	3,257
Excess of revenues over expenses before investment income	7,510	7,099
Investment income (loss) (note 9)	(94)	1,227
Excess of revenues over expenses for the year	\$ 7,416	\$ 8,326

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

Oakville Hospital Foundation
Statement of Cash Flows
(expressed in thousands)

For the year ended March 31	2020	2019
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses	\$ 7,416	\$ 8,326
Changes in non-cash working capital items		
Accounts receivable and other assets	(62)	(13)
Accounts payable and accrued liabilities	62	30
Due to Halton Healthcare Services Corporation	180	142
	7,596	8,485
Investing activity		
Purchase of short-term investments	(60)	(1,800)
Financing activities		
Donations and grants distributed (note 7)	(6,554)	(7,275)
Net decrease (increase) in investments for Endowment and Restricted Funds	472	(1,215)
	(6,082)	(8,490)
Increase (decrease) in cash during the year	1,454	(1,805)
Cash, beginning of year	4,049	5,854
Cash, end of year	\$ 5,503	\$ 4,049

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

Oakville Hospital Foundation
Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies

Nature and Purpose of Organization

The Oakville Hospital Foundation ("Foundation"), formerly the OTMH Charitable Corporation, is related to the Halton Healthcare Services Corporation ("HHSC"). According to the Foundation's by-laws, all resources of the Foundation must be provided to or used for the benefit of the Oakville site of HHSC. The net revenues from fundraising activities support the purchase of equipment and technology. The Foundation is incorporated, without share capital, under the Canada Corporations Act and is a registered charity under the Income Tax Act and, as such, is exempt from income taxes.

Revenue Recognition

The Foundation follows the restricted fund method of accounting for contributions. All donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized when earned.

Contributed Services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Investments

Investments are recorded at fair value and the net increase or decrease in the year is recorded as income. The income consists of both investment income that is received and any unrealized increase or decrease in the fair value of these investments. The investments are managed in accordance with the Foundation's Investment Policies and Guidelines.

Internally Restricted Funds

The capital base is invested and intended to be held in perpetuity. Investment earnings and capital are available for use by the Foundation, at the discretion of the Foundation's Board of Directors.

Oakville Hospital Foundation
Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued)

Capital and Donor Designated Funds

The capital and donor designated funds are to be used for specific purposes as specified by the donor.

Donor Restricted Endowment Fund

The fund balance represents separate donor restricted endowment funds. The capital base is invested and intended to be held in perpetuity. Investment income is available for distribution at the discretion of the Foundation's Board of Directors, and in accordance with the donors instructions.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, investments and investments for endowment and donor restricted endowment are reported at fair value, all other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate that the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instruments for those measured at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to Halton Healthcare Services Corporation. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks.

Risks arising from financial instruments

Market risk

The Foundation is subject to market risk with respect to its investments. The values of these investments will fluctuate as a result of changes in market prices, interest rate changes, foreign exchange changes and credit risk changes affecting the value of the investments. The Finance, Risk, Audit and Investment ("FRAI") Committee of the Foundation Board oversees and manages market risk in accordance with the Foundation's Investment Policies and Guidelines. This risk has not changed from the prior year.

Oakville Hospital Foundation
Notes to Financial Statements
(expressed in thousands)

March 31, 2020

2. Short - Term Investments

Short - term investments consist of guaranteed investment certificates, earning interest at 2.40% (2019 - 2.89%), maturing January 18, 2021 (2019 - January 16, 2020).

3. Investments for Endowment and Restricted Funds

	2020	2019
Fixed income funds - Traditional	\$ 2,424	\$ 1,103
Fixed income funds - Non-Traditional	5,692	6,518
Equity funds - Canadian	4,348	4,855
Equity funds - Global	4,737	5,197
	\$ 17,201	\$ 17,673

Funds are invested in various fixed income and equity funds. Non-traditional funds include pooled funds investing in diversified lending, infrastructure and real estate. The Foundation's investments are held in the Oakville Community Foundation ("OCF") pooled fund. These investments are overseen by the FRAI Committee of the Foundation's Board and subject to adherence to the Investment Policies and Guidelines.

4. Due to Halton Healthcare Services Corporation

During the year ended March 31, 2020, the Foundation had several transactions with HHSC. These transactions are in the normal course of operations and include reimbursements of funds disbursed on the Foundation's behalf. These amounts are repaid on a cost recovery basis.

The amount due to HHSC is non-interest bearing and will be repaid subsequent to year-end.

5. Capital and Donor Designated Funds

	2020	2019
New Oakville Hospital Capital, net	\$ 1,997	\$ 1,212
Donor Designated Funds	3,675	3,126
	\$ 5,672	\$ 4,338

Represented by cash and short term investments of \$5,672 (2019 - \$4,338).

Oakville Hospital Foundation
Notes to Financial Statements

(expressed in thousands)

March 31, 2020

6. Endowment and Restricted Funds

The Foundation has reported all investment income and undesignated donations and bequests in the Statement of Operations. In accordance with the Foundation's Investment Policies and Guidelines, \$27 of investment loss (2019 - \$393 of investment income) has been included in the Internally Restricted Fund. The Endowment and Restricted Funds are held in the Oakville Community Foundation ("OCF") pooled fund and the spending policy of OCF has therefore been adopted. The policy includes a provision to retain in the Donor Restricted Endowment and Internally Restricted Funds, for operating and granting purposes, investment income which typically grants at 3.5% annually. Additionally, the Foundation is the recipient of investment income from OCF fundholders, disbursements from which are reflected in the appropriate income and expense categories in the year they are received and disbursed.

	Internally Restricted	Donor Restricted Endowment	Total 2020	Total 2019
Balance, beginning of year	\$ 5,198	\$ 12,475	\$ 17,673	\$ 16,458
Donations and bequests	2	281	283	516
Investment income (loss)	(27)	(88)	(115)	1,309
Investment expenses	(51)	(124)	(175)	(167)
Funds disbursed	(183)	(282)	(465)	(443)
	(259)	(213)	(472)	1,215
Balance, end of year	\$ 4,939	\$ 12,262	\$ 17,201	\$ 17,673

7. Donations and Grants Distributed

	2020	2019
New Oakville Hospital Capital	\$ 5,538	\$ 6,251
Donor designated funds	1,016	1,024
	\$ 6,554	\$ 7,275

Oakville Hospital Foundation
Notes to Financial Statements
(expressed in thousands)

March 31, 2020

8. Fundraising Revenue	2020	2019
Unrestricted donations and revenue from fundraising	\$ 9,313	\$ 8,954
Donor restricted endowment	283	516
Donor designated	1,498	886
	<u>\$ 11,094</u>	<u>\$ 10,356</u>

9. Investment Income	2020	2019
Investment income	\$ 81	\$ 1,394
Investment expenses	(175)	(167)
Net income (loss) from investments	<u>\$ (94)</u>	<u>\$ 1,227</u>

10. Commitments

The Foundation made a commitment to grant \$97,300 to HHSC for equipment purchases for the New Oakville Hospital. At March 31, 2020 \$90,547 (2019 - \$85,009) has been granted.

11. Subsequent Event

Subsequent to year-end, COVID-19 has had a significant effect on financial markets. The Foundation's investments (see note 3) include a mix of fixed income, Canadian and Global equities held in a fund administered by the Oakville Community Foundation which are reported in these financial statements at their estimated fair values on March 31, 2020. It is not possible to reliably estimate the duration and severity of the consequences of COVID-19, as well as their impact on the valuation of the Foundation investments for future periods.

There could be further impact on the Foundation, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry, and workforce. As a result, management anticipates a temporary decline in donation revenue and has postponed a number of its regular fundraising events.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, investments, financial condition, or liquidity at this time.

12. Comparative Figures

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.