

Financial Statements

Health Care Foundation of St. John's Inc.

March 31, 2021

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Independent auditor's report

Health Care Foundation of St. John's Inc.

Statement of Operations

Year Ended March 31

	Operating Fund 2021	Restricted Fund 2021	Total 2021	Operating Fund 2020	Restricted Fund 2020	Total 2020
Revenue						
Annual giving	\$ 342,866	\$ 180,047	\$ 522,913	\$ 412,801	\$ 153,581	\$ 566,382
Major gifts	51,250	1,747,383	1,798,633	44,250	1,387,599	1,431,849
Planned giving	-	103,201	103,201	-	115,325	115,325
Special events	365,636	-	365,636	889,170	-	889,170
Hospital Home						
Lottery, net (Note 4)	1,098,286	-	1,098,286	1,048,591	-	1,048,591
Government subsidies	21,532	-	21,532	-	-	-
Interest	61,817	106,205	168,022	131,693	138,662	270,355
	<u>1,941,387</u>	<u>2,136,836</u>	<u>4,078,223</u>	<u>2,526,505</u>	<u>1,795,167</u>	<u>4,321,672</u>
Expenditures						
Salaries and benefits	667,779	-	667,779	763,430	-	763,430
Annual giving	108,523	503	109,026	154,876	-	154,876
Major gifts	14,844	-	14,844	12,171	-	12,171
Planned giving	519	-	519	90	-	90
Special events	60,894	-	60,894	184,273	-	184,273
Administration	182,602	-	182,602	184,381	-	184,381
Communications	141,878	-	141,878	130,119	-	130,119
Amortization	19,103	-	19,103	19,272	-	19,272
	<u>1,196,142</u>	<u>503</u>	<u>1,196,645</u>	<u>1,448,612</u>	<u>-</u>	<u>1,448,612</u>
Excess of revenue over expenditures before undernoted item	745,245	2,136,333	2,881,578	1,077,893	1,795,167	2,873,060
Grants						
Grants to Eastern Health	54,479	3,448,396	3,502,875	282,860	1,007,804	1,290,664
Excess of revenue over expenditures (expenditures over revenue)	<u>\$ 690,766</u>	<u>\$(1,312,063)</u>	<u>\$ (621,297)</u>	<u>\$ 795,033</u>	<u>\$ 787,363</u>	<u>\$ 1,582,396</u>

See accompanying notes to the financial statements.

Health Care Foundation of St. John's Inc.
 Statement of Changes in Net Assets
 Year Ended March 31

	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Total 2021</u>	<u>Total 2020</u>
Net assets, beginning of year	\$ 3,294,060	\$ 8,620,977	\$11,915,037	\$10,332,641
Excess of revenue over expenditures	690,766	(1,312,063)	(621,297)	1,582,396
Fund transfer (Note 8)	<u>(424,687)</u>	<u>424,687</u>	-	-
Net assets, end of year	<u>\$ 3,560,139</u>	<u>\$ 7,733,601</u>	<u>\$11,293,740</u>	<u>\$11,915,037</u>

See accompanying notes to the financial statements.

Health Care Foundation of St. John's Inc.
Statement of Financial Position
March 31

	Operating Fund 2021	Restricted Fund 2021	Total 2021	Operating Fund 2020	Restricted Fund 2020	Total 2020
Assets						
Current						
Cash and cash equivalents	\$ 5,503,777	\$ 7,685,004	\$13,188,781	\$ 3,412,836	\$ 8,136,011	\$11,548,847
Receivables	368,538	260,480	629,018	331,925	610,319	942,244
Prepays	37,303	-	37,303	45,121	-	45,121
Other assets (Note 4)	260,149	-	260,149	295,073	-	295,073
	6,169,767	7,945,484	14,115,251	4,084,955	8,746,330	12,831,285
Equipment (Note 5)	57,801	-	57,801	75,427	-	75,427
	<u>\$ 6,227,568</u>	<u>\$ 7,945,484</u>	<u>\$14,173,052</u>	<u>\$ 4,160,382</u>	<u>\$ 8,746,330</u>	<u>\$12,906,712</u>
Liabilities						
Current						
Payables and accruals	\$ 175,521	\$ 500	\$ 176,021	\$ 189,249	\$ 954	\$ 190,203
Deferred revenue	2,406,498	-	2,406,498	423,225	-	423,225
Due to Eastern Regional Health Authority	42,632	211,383	254,015	221,173	124,400	345,573
Accrued vacation pay	42,778	-	42,778	32,674	-	32,674
	2,667,429	211,883	2,879,312	866,321	125,354	991,675
Net Assets						
Restricted net assets	-	7,733,601	7,533,601	-	8,620,976	8,620,976
Unrestricted net assets	3,560,139	-	3,760,139	3,294,061	-	3,294,061
	3,560,139	7,733,601	11,293,740	3,294,061	8,620,976	11,915,037
	<u>\$ 6,227,568</u>	<u>\$ 7,945,484</u>	<u>\$14,173,052</u>	<u>\$ 4,160,382</u>	<u>\$ 8,746,330</u>	<u>\$12,906,712</u>

Commitments (Note 7)
Impacts of COVID-19 (Note 9)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements.

Health Care Foundation of St. John's Inc.
Statement of Cash Flows
Year Ended March 31

	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Total 2021</u>	<u>Total 2020</u>
Increase (decrease) in cash and cash equivalents				
Operating				
Excess of revenue over				
Expenditure (expenditure				
over revenue)	\$ 690,766	\$(1,312,063)	\$ (621,297)	\$ 1,582,396
Amortization	<u>19,103</u>	<u>-</u>	<u>19,103</u>	<u>19,272</u>
	709,869	(1,312,063)	(602,194)	1,601,668
Changes in non-cash operating				
working capital (Note 6)	<u>1,807,236</u>	<u>436,369</u>	<u>2,243,605</u>	<u>(1,655,917)</u>
	<u>2,517,105</u>	<u>(875,694)</u>	<u>1,641,411</u>	<u>(54,249)</u>
Investing				
Purchase of equipment	<u>(1,477)</u>	<u>-</u>	<u>(1,477)</u>	<u>(13,301)</u>
Financing				
Transfer of funds between				
operating and restricted				
funds (Note 8)	<u>(424,687)</u>	<u>424,687</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	2,090,941	(451,007)	1,639,934	(67,550)
and cash equivalents				
Cash and cash equivalents				
Beginning of year	<u>3,412,836</u>	<u>8,136,011</u>	<u>11,548,847</u>	<u>11,616,397</u>
End of year	<u>\$ 5,503,777</u>	<u>\$ 7,685,004</u>	<u>\$13,188,781</u>	<u>\$11,548,847</u>

See accompanying notes to the financial statements.

Health Care Foundation of St. John's Inc.

Notes to the Financial Statements

March 31, 2021

1. Nature of operations

The Health Care Foundation of St. John's Inc. (the "Foundation") raises funds to meet the financial needs of the Eastern Regional Health Authority for capital projects, equipment, programs and research directly related to the health and welfare of the people of Newfoundland and Labrador, while promoting public awareness of these needs.

The Foundation is a registered charity and is exempt from income tax.

2. Summary of significant accounting policies

Basis of presentation

These financial statements include all assets, liabilities, revenue and expenditures of the Foundation. The Foundation has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Fund accounting

The Foundation employs fund accounting, classifying financial statement items in either the operating or restricted fund.

The operating fund provides funds to help support the St. Clare's Mercy Hospital, General Hospital - Health Sciences Centre, Dr. L.A. Miller Centre, Waterford Hospital, Dr. Walter Templeman Centre, and Pleasantview Towers.

The restricted fund consists of donations which are restricted by the donors for specific purposes and which are recorded to reflect their designation.

Revenue earned and expenses incurred in support of a special event are recorded in the operating fund in accordance with the Foundation's revenue recognition policies. Once an event has been completed, 75% of the net results of the event are transferred to the restricted fund, while 25% of the funds remain in the operating fund.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of one year or less.

Equipment

Equipment is recorded at cost and amortized on a straight line basis over five years.

Other assets

Costs directly related to the development of the Hospital Home Lottery are presented as other assets when the Foundation can reliably demonstrate that there is a future economic benefit associated with these costs. These costs will be expensed when the lottery is held in the next fiscal year. Costs such as advertising and promotion are expensed immediately.

Health Care Foundation of St. John's Inc.
Notes to the Financial Statements
March 31, 2021

2. Summary of significant accounting policies (cont'd.)

Deferred revenue

Revenue received during the year related to ticket sales or sponsorships for events taking place subsequent to year end have been deferred and will be recognized when the event takes place.

Revenue recognition

The Foundation follows the restricted fund method whereby externally restricted contributions are recognized as revenue in the fund corresponding to the purpose for which they were contributed when received or receivable and when collectability is reasonably assured.

Unrestricted contributions, excluding donations, are recognized as revenue when received or receivable and when collectability is reasonably assured.

Revenue from donations, including pledges, and other fundraising activities is recognized in the accounts of the Foundation in the year in which it is received.

Revenue and expenses for the Hospital Home Lottery are recorded on a gross basis as the Foundation acted as the principal in the transactions. Based upon the terms and conditions of the Lottery agreements, the Foundation assumed the risks associated with the Lottery. As the 2021 Lottery was not completed during the current year, revenue received as of year end has been deferred.

Due to the uncertainty surrounding the collectability of sponsorships, the Foundation recognizes them when they are received, unless collectability is reasonably assured, in which case a receivable is recorded.

Due to the uncertainty surrounding collectability of pledges, the Foundation recognizes only those pledges for which amounts have been received at the date of the completion of financial statements.

Government assistance is recognized as revenue in the period in which the related costs are incurred.

Donated materials and services

Donated material and services are recorded in the financial statements when the fair value of these items can be reasonably estimated. The Foundation has recognized \$39,343 (2020 - \$29,383) as donated materials and services during the year. These included prizes for various events.

Pension costs

Employees of the Foundation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized as an expenditure in the accounts on a current basis. The total pension expense for the Foundation for the year was \$51,902 (2020 - \$59,778).

Health Care Foundation of St. John's Inc.
Notes to the Financial Statements
March 31, 2021

2. Summary of significant accounting policies (cont'd.)

Financial instruments

Initial measurement

The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The Foundation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accruals and amounts due to Eastern Regional Health Authority.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

3. Risk management

The Foundation's policy for managing significant risks includes policies, procedures, and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Foundation include liquidity and credit risks.

Liquidity risk

Liquidity risk is the risk that the Foundation will be unable to meet its contractual obligations and financial liabilities. The Foundation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Foundation's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

Health Care Foundation of St. John's Inc.
Notes to the Financial Statements
March 31, 2021

4. Hospital Home Lottery

Prior to March 31, 2021, the Foundation committed to carrying out the spring 2021 Hospital Home Lottery (the "Home Lottery"), which was held in May 2021. As at March 31, 2021, revenue of \$2,406,498 (2020 - \$348,225) received during the year associated with the 2021 Home Lottery has been deferred and recorded on the Statement of Financial Position. Costs of \$260,149 (2020 - \$295,073) incurred during the year ended March 31, 2021 have been included in other assets on the Statement of Financial Position and will be expensed when the lottery is held. Advertising and promotional costs of \$410,512 (2020 - \$240,159) incurred during the year have been recognized under Hospital Home Lottery expenditures. The revenue and remaining expenses of the 2021 Home Lottery will be recorded in the financial statements for the year ending March 31, 2022.

The net profit recorded in the financial statements for the Hospital Home Lottery is as follows:

	<u>2021</u>	<u>2020</u>
Revenue	<u>\$ 4,395,675</u>	<u>\$ 3,888,960</u>
Expenditures		
Prizes and other	2,545,401	2,235,918
Advertising and promotional	<u>751,988</u>	<u>604,451</u>
	<u>3,297,389</u>	<u>2,840,369</u>
Net profit	<u>\$ 1,098,286</u>	<u>\$ 1,048,591</u>

5. Equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
Furniture and equipment	\$ 50,719	\$ 50,407	\$ 312	\$ 563
Computer equipment	57,493	44,437	13,056	16,440
Donated works of art	12,725	-	12,725	12,725
Donor wall	62,420	31,210	31,210	43,694
Leasehold improvements	<u>11,899</u>	<u>11,401</u>	<u>498</u>	<u>2,005</u>
	<u>\$ 195,256</u>	<u>\$ 137,455</u>	<u>\$ 57,801</u>	<u>\$ 75,427</u>

Health Care Foundation of St. John's Inc.
Notes to the Financial Statements
March 31, 2021

6. Supplemental cash flow information			2021	2020
	Operating Fund	Restricted Fund	Total	Total
Change in non-cash operating working capital				
Receivables	\$ (36,613)	\$ 349,840	\$ 313,227	\$ (371,263)
Prepays	7,818	-	7,818	(19,964)
Other assets	34,924	-	34,924	(47,643)
Payables and accruals	(13,728)	(454)	(14,182)	35,454
Deferred revenue	1,983,272	-	1,983,272	(1,213,915)
Due to Eastern Regional Health Authority	(178,541)	86,983	(91,558)	21,468
Accrued vacation pay	10,104	-	10,104	(60,054)
	<u>\$ 1,807,236</u>	<u>\$ 436,369</u>	<u>\$ 2,243,605</u>	<u>\$(1,655,917)</u>

Cash and cash equivalents consist of the following:

Balance with bank – Hospital Home Lottery	\$ 2,219,997	\$ 277,145
Balance with bank and cash on hand	3,283,780	3,135,691
Balance with bank (restricted)	<u>7,685,004</u>	<u>8,136,011</u>
	<u>\$13,188,781</u>	<u>\$11,548,847</u>

7. Commitments

The Foundation is committed to minimum annual payments in the next four years under a lease agreement for office space as follows:

2022	\$101,963
2023	\$101,963
2024	\$101,963
2025	\$101,963

The Foundation is committed to an annual deposit in the next three years for each building lot for the Hospital Home Lottery Showhome as follows:

2022	\$250,000
2023	\$250,000
2024	\$250,000

Health Care Foundation of St. John's Inc.

Notes to the Financial Statements

March 31, 2021

8. Fund transfer

Funds are transferred between the operating fund and the restricted fund to ensure proper segregation of funds related to specific Board-approved initiatives and programs. For the year ended March 31, 2021, \$424,687 (2020 - \$470,287) was transferred from the operating fund to the restricted fund and \$Nil (2020 - \$Nil) was transferred from the restricted fund to the operating fund.

9. Impacts of COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Government assistance

During the year, the Foundation confirmed its eligibility to receive funding from the Government of Canada under the Canada Emergency Rent Subsidy ("CERS") program. Government subsidy under CERS of \$21,532 has been recorded as government subsidies on the statement of operations.

Other impacts

The Foundation has been impacted by COVID-19 measures. During the 2020-21 fiscal year, one virtual event replaced the five annual signature events, therefore resulting in a significant decrease in event revenue. The COVID-19 specific contributions which amounted to \$664,583 in 2020-21 have ended and there is still much uncertainty about the impact that the pandemic has had on the Foundation's donor base. Additionally, there remains to be uncertainty in relation to the Foundation's signature events as the COVID-19 restrictions and guidelines are constantly evolving and their impact on the Foundation's ability to hold in-person events in the coming months cannot be guaranteed.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and result of the Foundation for future periods.