

Financial Statements of

**HOLLAND BLOORVIEW KIDS
REHABILITATION HOSPITAL
FOUNDATION**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Members of Holland Bloorview Kids
Rehabilitation Hospital Foundation

Opinion

We have audited the financial statements of Holland Bloorview Kids Rehabilitation Hospital Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of revenue, expenses, distributions and 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.



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- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 1, 2022

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 1,006,638	\$ 1,220,458
Fundraising and pledges receivable	62,347	362,809
Other receivables and prepaid expenses	191,341	214,515
	<u>1,260,326</u>	<u>1,797,782</u>
Investments (note 2)	102,805,452	101,772,480
Equipment, net of accumulated amortization of \$240,232 (2021 - \$226,338)	15,981	18,879
	<u>\$ 104,081,759</u>	<u>\$ 103,589,141</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 403,364	\$ 314,085
Due to Holland Bloorview Kids Rehabilitation Hospital (note 3)	1,287,988	1,771,531
	<u>1,691,352</u>	<u>2,085,616</u>
Fund balances:		
Endowment Fund	95,139,057	93,337,837
Restricted Fund	7,014,534	8,160,722
General Fund	236,816	4,966
	<u>102,390,407</u>	<u>101,503,525</u>
Commitments (note 5)		
	<u>\$ 104,081,759</u>	<u>\$ 103,589,141</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL FOUNDATION

Statement of Revenue, Expenses, Distributions and Changes in Fund Balances

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

				2022	2021
	Endowment Fund	Restricted Fund	General Fund	Total	Total
Revenue:					
Donation	\$ 31,116	\$ 11,100,572	\$ 1,665,436	\$ 12,797,124	\$ 12,299,350
Special events	21,030	570,333	1,680,147	2,271,510	1,936,177
Bequests	491,823	3,349	197,157	692,329	43,372
	543,969	11,674,254	3,542,740	15,760,963	14,278,899
Investment income, net	5,823,145	—	440,196	6,263,341	20,080,548
	6,367,114	11,674,254	3,982,936	22,024,304	34,359,447
Expenses:					
Salaries and benefits	—	—	3,036,495	3,036,495	2,827,350
Administration	—	—	322,507	322,507	312,019
Fundraising activities	—	3,350	730,435	733,785	653,210
	—	3,350	4,089,437	4,092,787	3,792,579
Excess (deficiency) of revenue over expenses before undernoted	6,367,114	11,670,904	(106,501)	17,931,517	30,566,868
Distributions:					
Holland Bloorview Kids Rehabilitation Hospital (note 3)	3,552,701	12,004,872	1,487,062	17,044,635	14,527,955
Excess (deficiency) of revenue over expenses	2,814,413	(333,968)	(1,593,563)	886,882	16,038,913
Fund balances, beginning of year	93,337,837	8,160,722	4,966	101,503,525	85,464,612
Interfund transfers (note 4)	(1,013,193)	(812,220)	1,825,413	--	—
Fund balances, end of year	\$ 95,139,057	\$ 7,014,534	\$ 236,816	\$ 102,390,407	\$ 101,503,525

See accompanying notes to financial statements.

HOLLAND BLOORVIEW KIDS REHABILITATION 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	\$ 886,882	\$ 16,038,913
Items not affecting cash:		
Amortization of equipment	13,894	13,934
Unrealized loss (gain) on investments	2,155,268	(18,984,429)
Change in non-cash operating working capital:		
Fundraising and pledges receivable	300,462	243,417
Other receivables and prepaid expenses	23,174	(87,795)
Accounts payable and accrued liabilities	89,279	121,939
Due to Holland Bloorview Kids Rehabilitation Hospital	(483,543)	(2,809,089)
	2,985,416	(5,463,110)
Investing activities:		
Investments, net	(3,188,240)	5,535,547
Additions to equipment	(10,996)	(25,951)
	(3,199,236)	5,509,596
Increase (decrease) in cash	(213,820)	46,486
Cash, beginning of year	1,220,458	1,173,972
Cash, end of year	\$ 1,006,638	\$ 1,220,458

See accompanying notes to financial statements.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2022

Holland Bloorview Kids Rehabilitation Hospital Foundation (the "Foundation") generates, manages and distributes funds and/or the income therefrom, for the primary benefit of Holland Bloorview Kids Rehabilitation Hospital ("Holland Bloorview"), Canada's largest children's rehabilitation hospital.

A world-class teaching hospital, Holland Bloorview trains future health care specialists in the field of childhood disability, with an on-site research institute to integrate cutting edge research and teaching with frontline care, working to improve the quality of life for children and young adults with disabilities and long-term needs.

The Foundation is incorporated without share capital under the laws of the Province of Ontario and is registered as a charity under Section 149(1) of the Income Tax Act (Canada). While registered, the Foundation is exempt from income taxes and may issue tax-deductible receipts to donors. Its registered charitable business number, issued by the Canada Revenue Agency, is 88932 6278 RR0001.

For additional information and contact details, please visit the Foundation's website at www.hollandbloorviewfoundation.ca.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

For financial reporting purposes, the accounts have been classified into the following funds:

(i) Endowment Fund:

The Endowment Fund represents resources contributed for endowment, whereby either the donor or internal restrictions require the principal be maintained by the Foundation for a specified period of time, which is 10 years or more. As a requirement of individual agreements or the Foundation's board-approved endowment policy, an annual amount is added to the capital of the endowment over time equal to the price of inflation subject to Canada Revenue Agency disbursement and accumulation rules.

(ii) Restricted Fund:

The Restricted Fund represents restricted resources that are to be used as designated by the donor, as stipulated by the fundraising appeal or as determined by the Board of Directors.

(iii) General Fund:

The General Fund represents the Foundation's unrestricted revenue, which supports the programs, services, capital and research of Holland Bloorview and the Foundation's fundraising and administrative activities.

(b) Revenue and expense recognition:

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donor-restricted contributions for specific purposes are recognized as revenue of the Restricted Fund in the year in which the contributions are received unless the capital is to be maintained for a minimum of 10 years, in which case the contributions are recognized as revenue of the Endowment Fund. Fundraising event revenue are recognized in the respective fund in the year the events take place.

Pledges made and collectible are recognized as revenue when the amount to be received can be reasonably estimated and collection is reasonably assured.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

Investment income represents interest, dividends and realized and unrealized gains and losses and is accrued as it is earned. Investment income and related expenses are recorded in the fund incurring the income and expense.

Expenses are recorded in the General Fund unless they are incurred to raise restricted or endowed revenue.

(c) Equipment:

Equipment is carried at cost and amortized on a straight-line basis over three to five years.

The Foundation reviews equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable and exceeds fair value. The impairment loss is measured as the extent to which the carrying value exceeds fair value.

(d) Contributed services:

A 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.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its financial investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Investments in equity instruments that are quoted in an active market are recorded at fair value. The Foundation has elected to carry investments in corporate bonds, government bonds and treasury bills at fair value. Pooled fund investments are valued at the unit values supplied by the fund administration and represent the portfolio's proportionate share of underlying net assets at fair values determined using closing market prices. Changes in fair value are recorded in the statement of revenue, expenses, distributions and changes in fund balances. Transaction costs related to such investments are expensed as incurred.

(f) Use of estimates:

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

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Investments:

The Foundation's investment portfolio ("portfolio") is managed by Aon Investments Canada Inc. The investments of the portfolio are governed by the Investment Policy Statement, which is approved by the Board of Directors and is reviewed annually by the Investment Committee. The portfolio is diversified across a variety of fund managers in the asset classes noted below:

The cost and market value of the portfolio as at March 31, 2022 are as follows:

2022	Fair value	Cost
Global equity	\$ 45,872,269	\$ 41,807,244
Canadian universe bonds	15,367,328	16,459,075
Real estate	14,749,378	13,974,202
Infrastructure	14,709,182	14,663,714
Return seeking fixed income	7,101,233	6,802,518
Cash and cash equivalents	5,006,062	4,999,761
	<u>\$ 102,805,452</u>	<u>\$ 98,706,514</u>

The cost and market value of the portfolio as at March 31, 2021 are as follows:

2021	Fair value	Cost
Global equity	\$ 46,614,517	\$ 40,565,753
Canadian universe bonds	14,997,590	14,824,248
Real estate	14,550,061	14,506,536
Infrastructure	14,154,053	14,826,978
Return seeking fixed income	7,080,744	6,428,239
Cash and cash equivalents	4,375,515	4,366,519
	<u>\$ 101,772,480</u>	<u>\$ 95,518,273</u>

3. Related party transactions:

Distributions to Holland Bloorview include support for research, equipment, capital projects and special programs and services needed to assist clients and families of Holland Bloorview.

The balance due to Holland Bloorview is unsecured, is repayable on demand and bears no interest.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

4. Interfund transfers:

Interfund transfers represent an allocation of 1.0% (2021 - 1.0%) from income earned on endowments and on restricted funds invested temporarily pursuant to donor agreements, plus 10.0% (2021 - 10.0%) of all new donations received with donor restrictions regarding their designated use, transferred from the Endowment and Restricted Funds to the General Fund in accordance with Foundation policies.

Donations received pursuant to pledge agreements entered into prior to fiscal 2022 included transfers at the rate in use at the date of agreement.

5. Commitments:

The Board of Directors has approved the fiscal 2022 Business Plan, which includes, as an objective, granting \$14,516,004 (2021 - \$14,060,314) to Holland Bloorview.

6. COVID-19 impacts:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and provincial governments enacting emergency measures to combat the spread of the virus. These measures include the implementation of travel bans, self-imposed quarantine periods and social distancing.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses.