

Financial Statements of

**THE JANEWAY CHILDREN'S HOSPITAL
FOUNDATION**

And Independent Auditors' Report thereon

Year ended March 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Directors of The Janeway Children's Hospital Foundation

Qualified Opinion

We have audited the financial statements of The Janeway Children's Hospital Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2020
- 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, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, presents fairly, in all material respects, the financial position of the Entity as at March 31, 2020 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 Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets and unrestricted net asset balances reported in the statements of financial position as at March 31, 2020 and March 31, 2019
- the donations and excess of revenue over expenses reported in the statements operations for the years ended March 31, 2020 and March 31, 2019

Our opinion on the financial statements for the year ended March 31, 2019 was qualified accordingly because of the possible effects of this limitation in scope.

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



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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 qualified 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.



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- 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.

KPMG LLP

Chartered Professional Accountants

St. John's, Canada

August 12, 2020

THE JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2020, with comparative information for 2019

	General Fund	Designated Fund	Endowment Fund	2020	2019
Assets					
Current assets:					
Cash and cash equivalents	\$ 733,420	\$ –	\$ –	\$ 733,420	\$ 432,215
Investments (note 2)	3,733,585	1,405,839	1,883,561	7,022,985	7,990,397
Receivables	413,506	–	–	413,506	290,755
Due from Endowment Fund	42,094	–	–	42,094	–
HST receivable	19,339	–	–	19,339	24,283
Prepaid expenses (note 6)	58,132	–	–	58,132	99,734
	5,000,076	1,405,839	1,883,561	8,289,476	8,837,384
Capital assets, net of amortization (note 3)	65,817	–	–	65,817	75,829
Long-term receivable	600,000	–	–	600,000	–
	\$ 5,665,893	\$ 1,405,839	\$ 1,883,561	\$ 8,955,293	\$ 8,913,213
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 94,045	\$ –	\$ –	\$ 94,045	\$ 122,805
Due to Eastern Regional Health Authority (note 6)	370,034	–	–	370,034	153,300
Employee benefits payable	31,210	–	–	31,210	–
Due to General Fund	–	–	42,094	42,094	–
Accrued severance payable	–	–	–	–	35,125
	495,289	–	42,094	537,383	311,230
Fund balances:					
Unrestricted fund balances	5,170,604	–	–	5,170,604	4,164,057
Internally restricted fund balances	–	–	1,695,719	1,695,719	1,817,639
Externally restricted fund balances	–	1,405,839	145,748	1,551,587	2,620,287
	5,170,604	1,405,839	1,841,467	8,417,910	8,601,983
Commitments (note 7)					
Impact of COVID-19 (note 12)					
	\$ 5,665,893	\$ 1,405,839	\$ 1,883,561	\$ 8,955,293	\$ 8,913,213

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director _____ Director

THE JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	General Fund		Designated Fund		Endowment Fund		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenue:								
Miracle Network Telethon projects and donations	\$ 2,626,670	\$2,704,930	\$ 14,918	\$ 25,124	\$ –	\$ –	\$ 2,641,588	\$ 2,730,054
Major Gifts	94,000	232,713	1,826,411	613,414	–	–	1,920,411	846,126
Interest and other investment (loss) income (note 2)	(144,416)	315,826	–	–	(55,410)	130,301	(199,826)	446,128
Jamarama	92,164	77,469	–	–	–	–	92,164	77,469
Christmas Appeal	90,126	95,074	425	–	–	–	90,551	95,074
Leaders Who Care	–	–	72,612	65,431	–	–	72,612	65,431
Tribute	54,450	29,155	1,910	3,594	150	–	56,510	32,749
Planned Giving	29,756	58,843	–	–	–	–	29,756	58,843
Ball drop	52,217	38,798	–	–	–	–	52,217	38,798
	2,894,967	3,552,808	1,916,276	707,563	(55,260)	130,301	4,755,983	4,390,672
Expenses:								
Miracle Network Telethon (schedule 1)	711,933	720,794	–	–	–	–	711,933	720,794
Salaries and benefits (note 9)	585,141	601,032	–	–	–	–	585,141	601,032
General and administration (schedule 2)	272,419	297,578	–	–	24,267	10,145	296,686	307,723
Christmas Appeal	22,143	25,270	–	–	–	–	22,143	25,270
Jamarama	5,397	8,027	–	–	–	–	5,397	8,027
Leaders Who Care	–	–	16,945	14,669	–	–	16,945	14,669
Ball drop	3,927	4,638	–	–	–	–	3,927	4,638
Major Gifts	2,258	1,065	–	–	–	–	2,258	1,065
Planned Giving	550	4,104	–	–	–	–	550	4,104
Tribute	290	30	–	–	–	–	290	30
	1,604,058	1,662,538	16,945	14,669	24,267	10,145	1,645,270	1,687,352
Excess (deficiency) of revenue over expenses before contributions	1,290,909	1,890,270	1,899,331	692,894	(79,527)	120,156	3,110,713	2,703,320
Contributions to Janeway Hospital (note 4)	2,315,635	1,931,498	911,691	171,030	–	–	3,227,326	2,102,528
Contributions to other pediatric initiatives (note 4)	67,460	167,500	–	–	–	–	67,460	167,500
	2,383,095	2,098,998	911,691	171,030	–	–	3,294,786	2,270,028
Excess (deficiency) of revenue over expenses	\$ (1,092,186)	\$ (208,728)	\$ 987,640	\$ 521,864	\$ (79,527)	\$ 120,156	\$ (184,073)	\$ 433,292

See accompanying notes to financial statements.

THE JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Statement of Changes in Fund Balances

March 31, 2020, with comparative information for 2019

	General Fund	Designated Fund	Endowment Fund	2020	2019
Fund balances, beginning of year	\$ 4,164,057	\$ 2,474,689	\$ 1,963,237	\$ 8,601,983	\$ 8,168,691
Excess (deficiency) of revenue over expenses	(1,092,186)	987,640	(79,527)	(184,073)	433,292
Interfund transfers (note 8):					
Endowment fund administrative fee	71,999	—	(71,999)	—	—
Internally restricted	(29,756)	—	29,756	—	—
Reimbursement of the General Fund (note 8a)	2,056,490	(2,056,490)	—	—	—
Fund balances, end of year	\$ 5,170,604	\$ 1,405,839	\$ 1,841,467	\$ 8,417,910	\$ 8,601,983

See accompanying notes to financial statements.

THE JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	General Fund	Designated Fund	Endowment Fund	2020	2019
Cash provided by (used in):					
Operating activities:					
Excess (deficiency) of revenue over expenses	\$ (1,092,186)	\$ 987,640	\$ (79,527)	\$ (184,073)	\$ 433,292
Adjustments for:					
Interfund transfers (note 8)	2,098,733	(2,056,490)	(42,243)	–	–
Amortization	10,012	–	–	10,012	11,513
Realized gain on disposal	(25,980)	–	–	(25,980)	–
Unrealized losses	188,698	–	55,410	244,108	(402,347)
Severance pay adjustment	–	–	–	–	(22,303)
Net change in non-cash working capital balances related to operations (note 5)	(1,603,072)	1,068,850	42,094	(492,128)	(125,858)
	(423,795)	–	(24,266)	(448,061)	(105,703)
Investing activities:					
Proceeds on sale of investments	725,000	–	24,266	749,266	210,145
Purchase of investments	–	–	–	–	(2,978,468)
Purchase of capital assets	–	–	–	–	(26,180)
	725,000	–	24,266	749,266	(2,794,503)
Increase (decrease) in cash and cash equivalents	301,205	–	–	301,205	(2,900,206)
Cash and cash equivalents, beginning of year	432,215	–	–	432,215	3,332,421
Cash and cash equivalents, end of year	\$ 733,420	\$ –	\$ –	\$ 733,420	\$ 432,215

See accompanying notes to financial statements.

THE JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2020

The Janeway Children's Hospital Foundation (the "Foundation") is a registered charitable organization created to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research directly related to the health and welfare of Newfoundland and Labrador children, while promoting public awareness of these needs.

As a registered charity, the Foundation is exempt from income tax and may issue charitable donation receipts.

1. Significant accounting policies:

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada Accounting Handbook - Accounting Standards for Not-for-Profit Organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies set out below.

(a) Fund accounting:

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

The General Fund contains all of the operating assets, liabilities, revenues and expenses of the Foundation related to the Foundation's mandate to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research.

The Restricted Fund represents donations received from donors for a designated purpose. These donations are disbursed for the designated purpose.

The Endowment Fund represents donations received from donors which have been designated as a contribution to the Foundation's Little Red Wagon endowment program. Also included in the fund balance are any bequests that have not been designated for a specific purpose. Donations of this nature have been internally restricted by the Board of Directors as additional contributions to the endowment program. Externally restricted donations are held in perpetuity in bank and investments accounts, with earnings on those contributions disbursed based on the recommendations from the Board of Directors.

(b) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions, which include grants and donations. Corporate gifts, grants and bequests are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received since pledges cannot be reasonably estimated and ultimate collection is not reasonably assured. Pledges not collected in the year amount to \$11,297 (2019 - \$15,465).

THE JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2020

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Unrestricted contributions are recognized as revenue in the General Fund when initially recorded in the accounts. Externally restricted contributions, except endowment contributions, are recorded in revenue within the Restricted Fund when initially recognized in the accounts. Externally restricted endowment contributions are recognized in revenue within the Endowment Fund when initially recognized in the accounts.

Investment income consists of interest and realized and unrealized gains and losses. Investment income earned on Endowment Fund assets is recognized as income of the Fund in the year that it is earned. Investment income earned on assets in the General Fund and Restricted Fund is considered to be unrestricted, and is recognized as revenue in the General Fund. Investment income earned on assets in the Endowment Fund is considered to be internally restricted, except for the portion that relates to administrative costs incurred by the general fund. A transfer between the Endowment Fund and the General Fund is made to reimburse the General Fund for those costs.

In the event that a restricted contribution is received subsequent to the disbursement of the funds for which the restriction relates, the restricted contribution is recognized in the Restricted Fund when initially recognized in the accounts and then transferred to the general fund to reimburse the general fund for the earlier disbursement.

Investment losses are recorded in a manner consistent with investment income.

(c) Capital contributions:

Capital contributions are recorded as deferred contributions and amortized to income on the same basis as the amortization expense related to the capital assets purchased. Capital contributions for capital assets that are not amortized are recorded as direct increases in fund balances. Capital contributions for the year were \$nil (2019 - \$nil).

(d) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and short-term investments with maturities of three months or less.

(e) Vacation pay and other benefits:

Vacation pay and other benefits are recorded in the accounts of the Foundation on an accrual basis.

THE JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2020

1. Significant accounting policies (continued):

(f) Pension costs:

Employees of the Foundation are members of the Public Service Pension Plan (PSPP) administered by the Public Service Pension Plan Corporation and the Government Money Purchase Plan (GMPP) administered by the Government of Newfoundland and Labrador, collectively (the "Plans").

PSPP is a defined benefit pension plan covering full-time employees of the Province of Newfoundland and Labrador, the Legislature and various crown corporations, agencies and commissions created by or under a statute of the Province. As there is insufficient information available at the employer level to account for this plan as a defined benefit plan the Foundation accounts for PSPP as a defined contribution plan. PSPP's deficit is disclosed on the Public Service Pension Plan website. There are no significant changes in the contractual elements of PSPP.

GMPP is a defined contribution plan covering employees of the government of Newfoundland and Labrador that are not eligible to participate in other plans sponsored by the Government of Newfoundland and Labrador.

Contributions to the Plans are required from both the employees and the Foundation. The annual contributions to pensions are recognized as an expense in the period.

(g) Financial instruments:

Financial instruments, including employee advances, accounts payable and accrued liabilities and balances due to the Eastern Regional Health Authority ("Eastern Health"), are initially recorded at their fair value and are subsequently measured at cost, net of provisions for impairment.

Investments not quoted in an active market are initially measured at fair value and are subsequently measured at amortized cost. Investments quoted in an active market are recorded at fair value. Changes in fair value are recognized in the statement of operations.

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.

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.

THE JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2020

1. Significant accounting policies (continued):

(h) Use of accounting estimates:

In preparing the Foundation's financial statements in conformity with Canadian accounting standards for not-for-profit organizations, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of management estimates include the collectability of receivables. Actual results could differ from these estimates.

2. Investments:

	2020	2019
Great West Life Managed Money Portfolio:		
Cash and cash equivalents	\$ 3	\$ –
Balanced funds	939,710	1,103,964
Canadian equity	815,094	1,091,444
Canadian real estate	794,923	844,421
US and global equity	839,476	1,078,952
European equity	–	–
Fixed Income	509,824	566,131
Asset allocation funds*	725,969	841,361
	<u>4,624,999</u>	<u>5,526,273</u>
Great West Life Segregated Fund Policy:		
Balanced funds	385,998	394,595
Canadian equity	339,061	395,323
Canadian speciality	309,736	287,852
Foreign equity	351,873	391,407
Fixed income	204,864	198,526
Other	292,029	295,533
	<u>1,883,561</u>	<u>1,963,236</u>
Scotiabank:		
BNS Long Term Receivable GIC 2.7% interest rate, Matures June 8, 2020	514,425	500,888
Total	\$ 7,022,985	\$ 7,990,397

* Asset allocation funds invest in other funds. These funds are broadly diversified and may hold bonds, stocks, foreign content, real estate, and short-term securities.

Included in interest and other investment income for the year ended March 31, 2020 is a realized gain of \$25,980 (2019- \$nil) and an unrealized loss \$244,108 (2019 – unrealized gain \$402,347).

THE JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2020

3. Capital assets:

			2020		2019	
	Cost	Accumulated amortization	Net book value		Net book value	
Major equipment	\$ 175,320	\$ 153,930	\$ 21,390	\$	23,998	
Computers and software	8,460	8,460	–		–	
Donor Wall	74,044	29,617	44,427		51,831	
	\$ 257,824	\$ 192,007	\$ 65,817	\$	75,829	

4. Contributions to Healthcare:

	2020		2019	
Contributions to Janeway Hospital:				
Janeway Children's Health & Rehabilitation Centre –				
Capital Equipment	\$ 2,624,296	\$	1,680,597	
Janeway Research	139,164		134,380	
Education	119,440		135,206	
Program support	344,426		152,345	
	3,227,326		2,102,528	
Contributions to other pediatric initiatives	67,460		167,500	
	\$ 3,294,786	\$	2,270,028	

5. Supplemental cash flow information:

The net change in non-cash working capital balances related to operations consists of the following:

	2020		2019	
Receivables	\$ (722,751)	\$	(284,705)	
HST receivable	4,944		2,082	
Prepaid expenses	41,602		17,727	
Accounts payable and accrued liabilities	2,468		38,705	
Due to Eastern Regional Health Authority	216,734		100,333	
Accrued severance	(35,125)		–	
	\$ (492,128)	\$	(125,858)	

THE JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2020

6. Related party transactions:

Eastern Health is a related party. The Foundation operates for the purpose of accumulating funds to assist Eastern Health with the purchase of medical equipment used in the provision of patient care at the Janeway Hospital.

During the year, the Foundation contributed \$3,227,326 (2019 - \$2,102,528) to Eastern Health, of which \$278,834 (2019 - \$106,467) was payable at year end.

Eastern Health provides payroll processing services for the Foundation. At year end, \$91,200 (2019 - \$46,833) was payable to Eastern Health related to salary and benefits for the Foundation's employees.

Included in the prepaid expense balance, are employee advances of \$3,980 (2019 - \$3,980).

Eastern Health also provided IT support services and insurance coverage for the Foundation's Board of Directors, at no cost to the Foundation. These in-kind contributions have not been reflected in these financial statements.

Transactions between the Foundation and Eastern Health are measured at their exchange amount and the amount is non-interest bearing and has not set terms of payment.

7. Commitments:

At the end of the year, the Foundation had cumulative commitments of:

	2020	2019
<u>Eastern Health:</u>		
Equipment	\$ 8,576,998	\$ 5,654,990
Research	270,000	230,000
Education	100,000	104,000
Programs	565,333	449,233
<u>Other:</u>		
Other hospital and therapeutic support programs	50,000	50,000
	<u>\$ 9,562,331</u>	<u>\$ 6,488,223</u>

Subsequent to year end, the Foundation disbursed \$124,089 in previously committed funds. The outstanding commitments from the current and prior years of approximately \$9,562,331 are expected to be disbursed in future fiscal years of the Foundation. These funds are expected to be disbursed up to 2023, the timing of which is not determinable by the Foundation.

In fiscal 2019 the Foundation signed a three year contract for production services. Future payments under this contract are as follows:

Fiscal 2021 – \$145,125

Fiscal 2022 – \$111,375

THE JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2020

8. Interfund transfers:

During the year, the Foundation transferred \$29,756 from the general fund to the endowment fund related to unrestricted bequests, and \$71,999 from the endowment fund to the general fund to cover administrative costs associated with the management of the endowment fund, in accordance with the Foundation's endowment policy. The Foundation also transferred \$2,056,490 from the restricted fund to the general fund to reimburse the general fund for payments made from general fund for which designated gifts were subsequently received.

(a) Externally restricted funds:

Each year the hospital provides a list of priority needs to the Foundation. The needs are historically funded over a three year period. From time to time, to address urgent requirements for the Hospital, the Foundation will advance the Hospital funds prior to securing a donor for the requested item. These disbursements are shown as a Contribution to Healthcare from the general fund. As a result, the timing of the receipt of restricted donations and the item they are intended to fund do not always align in a single fiscal year. If a donor is subsequently found, the donation is recorded as restricted, and effective for fiscal 2020, a transfer is made between the restricted fund and the general fund to reimburse it for the related contribution.

Included in the \$2,056,490 transfer from the restricted fund to the general fund is \$202,167 in restricted donations recognized in 2020 for items previously funded by the general fund. The remaining \$1,854,323 relates to cumulative restricted donations received and disbursed in prior periods.

9. Pension contributions:

Contributions to the pension fund during the year were \$30,618 (2019 - \$30,762).

10. Financial risks:

(a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligation. The Foundation's credit risk is primarily attributable to cash and cash equivalents and investments. The Foundation's cash and cash equivalents and investments are distributed among bank and investments accounts. The Foundation does not expect any liquidity issues or credit losses on these instruments.

(b) Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they become due. With the current cash and future liquidity position expected by management into the foreseeable future, they do not expect to require additional funds to meet cash flow needs.

THE JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2020

10. Financial risks (continued):

(c) Interest rate risk

The Foundation is exposed to interest rate risk with respect to its managed money portfolio investments because the fair value will fluctuate due to changes in market interest rates.

(d) Other price risk

The Foundation is exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks) in connection with its investments in managed money portfolio investments.

(e) Currency risk

Certain underlying investments are in other jurisdictions, however the funds are denominated in Canadian dollars and therefore the Foundation bears no currency risk.

11. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation in the current year. The changes do not affect prior year earnings.

12. Impact of COVID-19:

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

At the time of approval of these financial statements, the Janeway Children's Hospital Foundation has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- Experienced temporary declines in the fair value of investments and investment income;
- Closure of administrative buildings based on public health recommendations;
- Work from home requirements for those able to do so; and
- The postponement or cancellation of major fundraising events.

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 as at year end. An estimate of the financial effect is not practicable at this time.

THE JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Schedule 1 – Miracle Network Telethon Expenses

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Broadcasting and production costs	\$ 346,257	\$ 335,606
Affiliation fees	152,740	154,761
Advertising	104,313	93,332
Merchandise	28,705	47,532
Printing	25,906	41,156
Travel	19,376	12,872
Postage	14,597	14,187
Telephone	9,995	12,854
Office and miscellaneous	6,151	6,802
General administration	2,605	–
Donor recognition	1,288	1,692
	<u>\$ 711,933</u>	<u>\$ 720,794</u>

THE JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Schedule 2 – General and Administration Expenses

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Professional fees	\$ 94,395	\$ 127,220
Rent	63,736	60,160
Software maintenance	28,290	19,302
Investment fees	24,266	–
Bank and credit card fees	19,619	20,235
Postage	13,447	15,426
Printing	13,156	6,938
Office supplies	11,335	18,161
Amortization	10,012	11,513
Travel	5,105	5,454
Telephone	4,998	4,180
Conferences and training	4,107	7,566
Advertising	2,887	10,235
Membership fees	1,333	1,333
	<u>\$ 296,686</u>	<u>\$ 307,723</u>