
Financial statements of Perley Health Foundation

December 31, 2021

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Independent Auditor's Report

To the Directors of
Perley Health Foundation

Opinion

We have audited the financial statements of Perley Health Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2021, and the results of its 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 ("Canadian GAAS"). 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 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 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 GAAS 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.

As part of an audit in accordance with Canadian GAAS, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 13, 2022

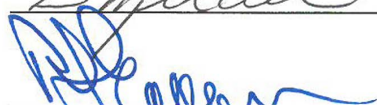
Perley Health Foundation
Statement of financial position
As at December 31, 2021

	Notes	2021	2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		3,135,545	1,001,930
Accounts receivable	3	40,703	97,865
Prepaid Expenses		9,564	—
		3,185,812	1,099,795
Due from Perley Health	3	—	38,419
Investments	4	8,141,312	7,261,733
		11,327,124	8,399,947
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	48,543	48,773
Payable to Perley Health	3	3,479	—
		52,022	48,773
Fund balances			
Restricted		1,343,550	—
Unrestricted		9,931,552	8,351,174
		11,275,102	8,351,174
		11,327,124	8,399,947

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

Approved by the Board

 _____, Director

 _____, Director

Perley Health Foundation
Statement of operations and fund balances
Year ended December 31, 2021

	Notes	Restricted Fund	Unrestricted Fund	2021 Total	2020 Total
		\$	\$	\$	\$
Revenue					
Donations		310	549,804	550,114	568,941
Capital campaign	6	2,952,932	891,811	3,844,743	830,429
Investment income		—	226,718	226,718	221,043
Realized gains (losses) on sale of investments		—	423,646	423,646	(138,650)
Other income		—	28,925	28,925	2,774
		2,953,242	2,120,904	5,074,146	1,484,537
Expenses					
Fundraising		—	552,959	552,959	495,005
Programs		—	118,713	118,713	67,099
Administrative		—	292,057	292,057	337,179
		—	963,729	963,729	899,283
Excess of revenue over expenses, before the undernoted items		2,953,242	1,157,175	4,110,417	585,254
Change in unrealized gains on investments		—	437,391	437,391	239,296
Donations to Perley Health	3	(1,609,692)	(14,188)	(1,623,880)	(845,357)
Excess (deficiency) of revenue over expenses		1,343,550	1,580,378	2,923,928	(20,807)
Fund balances, beginning of year		—	8,351,174	8,351,174	8,371,981
Fund balances, end of year		1,343,550	9,931,552	11,275,102	8,351,174

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

Perley Health Foundation
Statement of cash flows
Year ended December 31, 2021

	2021	2020
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	2,923,928	(20,807)
Item not affecting cash		
Change in unrealized gains on investments	(437,391)	(239,296)
Changes in non-cash operating working capital items		
Accounts receivable	57,162	66,320
Prepaid Expenses	(9,564)	—
Accounts payable and accrued liabilities	(230)	5,279
	2,533,905	(188,504)
Investing activity		
Net investment activity	(442,188)	291,684
Financing activity		
Change in payable to Perley Health	41,898	(178,227)
Net increase in cash and cash equivalents	2,133,615	(75,047)
Cash and cash equivalents, beginning of year	1,001,930	1,076,977
Cash and cash equivalents, end of year	3,135,545	1,001,930
Cash and cash equivalents consist of		
Cash	2,618,552	454,010
Cash equivalents	516,993	547,920
	3,135,545	1,001,930

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

1. Nature of organization

The Perley and Rideau Veterans' Health Centre Foundation / La Fondation du Centre de santé Perley et Rideau pour anciens combattants is operating as Perley Health Foundation (the "Foundation").

The Foundation was incorporated without share capital under Part II of the *Canada Corporations Act*. Effective January 1, 2014, the Foundation continued its articles of incorporation under the *Canada Not-for-Profit Corporations Act*. The Foundation is a registered charity under the *Income Tax Act* (Canada), (Charitable Registration No. 12194 8038 RR 0001).

The mission of the Foundation is to raise funds to help Perley Health (the "Centre") achieve its mission: excellence in the health, safety and well-being of seniors and Veterans with a focus on innovation in person-centered and frailty-informed care and service.

2. Accounting policies

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

Fund accounting

In accordance with the principles of fund accounting, the Foundation maintains its accounting records to ensure that limitations and restrictions placed on the use of available resources are observed. Under this method, all resources are classified for accounting and reporting purposes into funds that are in accordance with specific activities and objectives. Accordingly, separate accounts are maintained for the following funds: Restricted Fund and Unrestricted Fund.

The Restricted Fund accounts for donations for specific purposes as designated by the donor.

The Unrestricted Fund accounts for the operations and administrative activities of the Foundation. This Fund reports unrestricted contributions.

Revenue recognition

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

Restricted contributions are recognized as revenue of the Restricted Fund in the year received.

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

Because of the uncertainty of the collectability of pledges, the Foundation only recognizes pledges in the year received.

Investment income includes interest income and dividends and is recognized when earned.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit with financial institutions, demand deposits, money market funds and short-term investments with maturities of less than three months at acquisition.

2. Accounting policies (continued)

Expenses

In the statement of operations and fund balances, the Foundation presents its expenses by function.

Expenses are recognized in the year incurred and are recorded in the function to which they are directly related. The Foundation does not allocate expenses between functions after initial recognition.

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost except for cash and cash equivalents and investments, which are measured at fair value.

Investments are measured at fair value without any adjustment for transaction costs it may incur on sale or other disposal. All changes in fair value are recorded in the statement of operations and fund balances.

Contributed materials and services

Volunteers contribute many hours to assist the Foundation in carrying out its service delivery activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements. The Foundation records the value of donated materials and services (value-in-kind) when a fair value can be reasonably estimated and when the materials and services would normally be purchased by the Foundation.

Use of estimates

The preparation of the 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates are used in determining the fair value of investments and the amount of certain accrued liabilities. Actual results could differ from those estimates.

3. Perley Health

The Centre has an economic interest in the Foundation. The Foundation seeks donations for capital expansion, equipment needs, expanded resident programs and research and education. During the year ended December 31, 2021, donations to the Centre were as follows:

	Gifts-in-kind	Cash donations	2021	2020
	\$	\$	\$	\$
Programs and capital expenditures	3,671	1,620,209	1,623,880	845,357

The Centre initially pays for the operating expenses of the Foundation and subsequently recovers the amounts paid from the Foundation. During the year, the Centre charged the Foundation for services related to accounting, human resources and information systems as well as occupancy in the amount of \$40,238 (\$39,449 in 2020). As at December 31, 2021, the Foundation owed the Health Centre \$3,479 (\$38,419 owing to the Foundation from the Health Centre in 2020), which was non-interest-bearing and without terms of repayment.

3. Perley Health (continued)

The Centre is a member of Ottawa Hospitals Food Association ("OHFA"), formerly Healthcare Food Services, which sold its assets in 2019. As unanimously agreed upon by the Members and its Board of Directors, the net proceeds of the sale are to be distributed to each of the Member's respective Foundations. The Foundation will in turn remit these funds to the Centre. For the year ended December 31, 2021, net proceeds of \$14,188 were recorded (nil in 2020), bringing the cumulative net proceeds recorded from the sale as at year-end to \$111,482 (\$97,294 in 2020). This revenue is included in other income along with a receivable for \$11,220 (nil in 2020) from OHFA.

4. Investments

	FMV		2021	FMV		2020
	\$	% of FMV	Cost	\$	% of FMV	Cost
			\$			\$
Canadian corporate bonds	1,432,406	18	1,421,242	1,217,342	17	1,159,353
Canadian provincial bonds	1,720,323	21	1,683,167	1,470,826	20	1,362,722
Canadian preferred shares	—	—	—	316,850	4	346,703
Total fixed income	3,152,729	39	3,104,409	3,005,018	41	2,868,778
Canadian equity	2,068,934	25	1,413,773	1,714,014	24	1,373,996
U.S. equity	1,630,504	20	989,473	1,430,717	20	938,393
Global equity	1,289,146	16	1,008,795	1,084,984	15	893,095
Total equity	4,988,584	61	3,412,041	4,256,715	59	3,205,484
	8,141,312	100	6,516,450	7,261,733	100	6,074,262

Bonds are bearing interest at rates varying from 2.10% to 3.50% (from 2.10% to 4.80% in 2020) with maturities ranging from March 22, 2023 to December 18, 2028 (from March 18, 2022 to December 18, 2028 in 2020).

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$5,107 (\$1,180 in 2020), which include amounts payable for harmonized sales tax, employer health tax and payroll-related remittances.

6. Capital campaign

In 2018, the Foundation began a new capital campaign, now called Answering the Call, to raise funds for costs associated with the Health Centre's Centre of Excellence, Village Expansion and Clinic projects. In 2020, the Centre put on hold the Village Expansion Project until further notice. Accordingly, the Campaign's mandate shifted to support exceptional care at the Centre and the cost associated with the Centre of Excellence and Clinic Projects. Donations to the capital campaign received, net of related fundraising expenses, are as follows:

	Received during the year (net)	Received in prior years (net)	Received cumulative to date (net)	Outstanding pledges as at December 31, 2021	Total 2021	Total 2020
	\$	\$	\$	\$	\$	\$
Capital campaign	3,844,743	1,553,057	5,397,800	492,400	5,890,200	1,628,519

6. Capital campaign (continued)

The 2021 income attributable to the Campaign is composed of: \$2,604,426 (\$146,394 in 2020) of restricted Campaign donations, \$891,811 (\$684,035 in 2020) of unrestricted donations transferred to the Campaign, and \$348,506 (nil in 2020) of restricted donations transferred to the Campaign.

The amount shown under Received in prior years (net) of \$1,553,057 includes the cumulative amounts received up to 2020 of \$1,395,384 and an additional \$157,673 of donations received in 2020, which were transferred to the Campaign in 2021.

7. Financial instruments and risk management

Risks arising from financial instruments:

The Foundation is exposed to interest rate, credit, foreign currency and other market risks from its investment portfolio.

Interest rate risk refers to the adverse consequences of interest rate changes. The Foundation has investments in bonds with fixed rates, which are subject to this risk. The value of fixed rate instruments will generally rise if interest rates fall and fall if interest rates rise.

Credit risk is the risk of financial loss if a member or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Foundation's investments in bonds.

Foreign currency risk refers to the extent to which instruments denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to other currencies. The Foundation's exposure to foreign currency risk arises from its holdings of non-Canadian financial instruments. At year-end, the Foundation held U.S. dollar and other foreign denominated investments for a total amount of \$2,919,650 (\$2,515,701 in 2020).

Market volatility risk is generally inherent in the Foundation's investment portfolio and refers to the extent that the fair value or future cash flows from financial instruments will fluctuate because of changes in various other market factors affecting equity prices, including general economic conditions.

The Foundation mitigates the above-noted risks through the use of investment policies and managers, whose objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return.