

NEW BRUNSWICK HEALTH RESEARCH FOUNDATION INC.

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

NEW BRUNSWICK HEALTH RESEARCH FOUNDATION INC.

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Shannon & Buffett, LLP

Chartered Professional Accountants

GARRY L. ARMSTRONG, CPA, CA CLAUDE LEGER, CPA, CA
RON W. SAUNTRY, CPA, CA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of New Brunswick Health Research Foundation Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of New Brunswick Health Research Foundation Inc. (the "Foundation"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows 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, 2022, and its financial performance 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 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.

Other Information (Annual Report)

It is understood that the audited financial statements may be used in the Foundation's annual report. Management's responsibility is to ensure that if the financial statements are used in the annual report that the full and complete set of financial statements are included, this includes the independent auditors report, statement of financial position, statement of operations, statement of changes in net assets, statement of cash flows and the notes to the financial statements.

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 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. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Foundation's activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. 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.

Shannon & Buffett LLP

Shannon & Buffett, LLP
Chartered Professional Accountants
June 9, 2022

NEW BRUNSWICK HEALTH RESEARCH FOUNDATION INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2022 WITH COMPARATIVE FIGURES FOR 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,824,625	\$ 2,403,207
Accounts receivable	21,606	30,527
Prepaid expenses	<u>8,667</u>	<u>6,466</u>
	1,854,898	2,440,200
Capital assets (note 2)	<u>-</u>	<u>13,476</u>
	<u>\$ 1,854,898</u>	<u>\$ 2,453,676</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 86,170	\$ 310,244
Deferred revenue (note 3)	<u>479,416</u>	<u>1,078,365</u>
	<u>565,586</u>	<u>1,388,609</u>
Net assets:		
Unrestricted	<u>1,289,312</u>	<u>1,065,067</u>
	<u>\$ 1,854,898</u>	<u>\$ 2,453,676</u>

See accompanying notes to financial statements.

On Behalf of the Board:

Chair



NEW BRUNSWICK HEALTH RESEARCH FOUNDATION INC.

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2022 WITH COMPARATIVE FIGURES FOR 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Contribution – Province of New Brunswick	\$ 5,475,400	\$ 4,775,650
Corporate partnerships	216,176	313,380
Conference	72,663	25,000
Interest	8,071	-
Other	<u>4,100</u>	<u>3,347</u>
	<u>5,776,410</u>	<u>5,117,377</u>
Expenses:		
Research:		
Salary awards and operating grants	4,736,874	4,259,392
Research programming salaries, contract salaries and benefits	<u>172,068</u>	<u>194,778</u>
	<u>4,908,942</u>	<u>4,454,170</u>
Administrative:		
Administrative salaries and benefits	206,319	222,239
Rent	64,823	192,608
Contract services and consulting	69,824	114,342
Translation services	14,070	9,562
Professional services	29,874	30,927
Travel: Board, staff and stakeholders	30,633	16,020
Workshops, training and events	-	527
Promotion and marketing	30,299	21,116
Communications, website and information technology	61,554	27,759
Office supplies and expense	35,431	22,615
Depreciation	-	14,800
Repairs and maintenance	2,639	4,400
Interest and bank charges	1,257	911
Insurance	5,563	4,923
Miscellaneous	-	215
Loss on disposal of capital assets	<u>7,586</u>	<u>21,764</u>
	<u>559,872</u>	<u>704,728</u>
Conference	<u>83,351</u>	<u>12,620</u>
Total expenses	<u>5,552,165</u>	<u>5,171,518</u>
Excess (deficiency) of revenues over expenses	<u>\$ 224,245</u>	<u>\$ (54,141)</u>

See accompanying notes to financial statements.

NEW BRUNSWICK HEALTH RESEARCH FOUNDATION INC.

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2022 WITH COMPARATIVE FIGURES FOR 2021

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,065,067	\$ 1,119,208
Excess (deficiency) of revenues over expenses	<u>224,245</u>	<u>(54,141)</u>
Balance, end of year	<u>\$ 1,289,312</u>	<u>\$ 1,065,067</u>

See accompanying notes to financial statements.

NEW BRUNSWICK HEALTH RESEARCH FOUNDATION INC.

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2022 WITH COMPARATIVE FIGURES FOR 2021

	<u>2022</u>	<u>2021</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Excess (deficiency) of revenues over expenses	\$ 224,245	\$ (54,141)
Depreciation, not involving cash	-	14,800
Loss on disposal of capital assets	<u>7,586</u>	<u>21,765</u>
	231,831	(17,576)
Net changes in non-cash operating balances:		
Accounts receivable	8,921	24,587
Prepaid expenses	(2,201)	16,441
Accounts payable and accrued liabilities	(224,074)	80,484
Deferred revenue	<u>(598,949)</u>	<u>(46,305)</u>
	<u>584,472</u>	<u>57,631</u>
INVESTING ACTIVITIES:		
Proceeds from disposal of capital assets	<u>5,890</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	(578,582)	57,631
CASH, beginning of year	<u>2,403,207</u>	<u>2,345,576</u>
CASH, end of year	<u>\$ 1,824,625</u>	<u>\$ 2,403,207</u>

See accompanying notes to financial statements.

NEW BRUNSWICK HEALTH RESEARCH FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

The New Brunswick Health Research Foundation Inc. (the "Foundation") was incorporated without share capital under the Province of New Brunswick Companies Act to coordinate and support all aspects of health research and innovation in New Brunswick.

Note 1. Significant accounting policies:

- (a) These financial statements were prepared in accordance with Part III of the CPA Canada Accounting Standards for Not-For-Profit Organizations ("Part III").

(b) Revenue recognition -

The Foundation follows the deferral method of accounting for contributions, which include government grants. Restricted contributions are recognized as revenue in the year in which the related expenses are recognized. 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.

(c) Capital assets -

Capital assets are stated at cost. Depreciation is provided using the following method and annual rates:

<u>Asset</u>	<u>Basis</u>	<u>Rate</u>
Equipment	Straight-line	20%

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(d) Use of estimates -

The preparation of these financial statements in conformity with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

NEW BRUNSWICK HEALTH RESEARCH FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

Note 1. Significant accounting policies (continued):

(e) Financial instruments -

(i) Measurement of financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs.

The Foundation subsequently measures all of its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations in the period incurred.

(ii) Impairment

At the end of each reporting period the Foundation assesses whether there are any indications that the financial asset measured at amortized cost may be impaired.

When there is an indication of impairment, the Foundation determines whether a significant adverse change has occurred during the period in the expected timing or amount of future in cash flows from the financial asset. Where there is a significant adverse change, the carrying amount of the asset is reduced and the impairment loss is recognized in the statement of operations.

(iii) Transaction costs

Transaction costs are recognized in the statement of operations in the period incurred, except for the financial instruments that will be subsequently measured at amortized costs.

Note 2. Capital assets:

	Cost	Accumulated Depreciation	2022 Net Book Value	2021 Net Book Value
Office equipment and furniture	\$ -	\$ -	\$ -	\$ 13,476

NEW BRUNSWICK HEALTH RESEARCH FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

Note 3. Deferred revenue:

The Foundation has received funding from the Province of New Brunswick and other organizations. As at March 31, 2022 the Foundation has unpaid but approved and committed multi-year research grants to be paid in aggregate as follows:

Other deferred funding \$ 479,416

The Foundation has approved unfunded additional commitments to be paid out as follows, *pending availability of funds*:

2022 - 23	\$ 2,054,700
2023 - 24	1,436,510
2024 - 25	1,109,870
2025 - 26	100,000
2026 - 27	<u>100,000</u>
	<u>\$ 4,801,080</u>

These commitments to be paid out of future years funding are not recorded in the financial statements.

Note 4. Economic dependence:

The Foundation receives revenues from the Government of New Brunswick and is dependent on that funding for its core activities and continued operations. Revenues from the Government of New Brunswick were \$5,475,400 for the year ended March 31, 2022 (\$4,775,650 March 31, 2021).

Note 5. Salaries and benefits for research programing:

The Foundation expenses an amount of management and staff salaries, contract salaries and benefits to research programing based on the estimated time devoted to research programing. In 2022, \$172,068 was expensed to research programing (2021 - \$194,778).

NEW BRUNSWICK HEALTH RESEARCH FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

Note 6. Financial instruments:

The Foundation is exposed to the following various risks through its financial instruments:

Credit risk -

Credit risk is the risk that a party may default on their financial obligations to the Foundation, or if there is a concentration of transactions carried out with the same such that the Foundation could incur a financial loss.

The maximum exposure that the Foundation has to credit risk as at March 31 is as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,824,625	\$ 2,403,207
Accounts receivable	<u>21,606</u>	<u>30,527</u>
	<u>\$ 1,846,231</u>	<u>\$ 2,433,734</u>

Management believes credit risk is minimal.

Liquidity risk -

Liquidity risk is the risk that the Foundation will not be able to meet a demand for cash or fund its obligations as they come due.

The Foundation meets its liquidity requirements by preparing an annual budget for operations, anticipating investing and financing activities, careful management of its operations and holding assets that can be readily converted into cash.

NEW BRUNSWICK HEALTH RESEARCH FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

Note 6. Financial instruments (continued):

Market risk -

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency risk -

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Foundation does not normally transact a significant portion of its business in non-Canadian dollars and is not exposed to any significant currency risks.

Interest rate risk -

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with instruments will fluctuate due to changes in market interest rates.

The exposure of the Foundation to interest rate risk arises from its interest bearing assets. Management believes interest rate risk is minimal.

Other price risk -

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of other changes in market prices. The Foundation is not exposed to any significant price risks.

Note 7. Other matter:

In January 2020, the World Health Organization declared a public health state of emergency due to the Covid-19 pandemic. In March 2020, both the Government of Canada and the Province of New Brunswick also declared states of emergencies. Since the pandemic, the Foundation has cancelled its fall conference. In 2021, the Foundation received approximately 90% of its total revenues from the Province of New Brunswick. The Foundation has not been advised of any reductions in funding levels for 2021-22 and subsequent years, however; if revenue were significantly decreased, there would likely be a negative impact on research grants awarded, operations and staffing.

At this time there is no estimate of the total financial impact, if any, of the subsequent events on the Foundation.