

William Osler Health System Foundation

Financial Statements
March 31, 2016



June 20, 2016

Independent Auditor's Report

To the Members of the Audit Committee of the Board of Directors of William Osler Health System Foundation

We have audited the accompanying financial statements of William Osler Health System Foundation, which comprise the statement of financial position as at March 31, 2016 and the statements of revenues and expenditures and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of William Osler Health System Foundation as at March 31, 2016 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

William Osler Health System Foundation

Statement of Financial Position

As at March 31, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash	7,042,189	4,019,313
Short-term deposit (note 4)	5,000,000	-
Amounts receivable	136,650	182,577
Prepaid and other expenses	53,234	23,553
	<u>12,232,073</u>	<u>4,225,443</u>
Amounts in trust (note 5)	37,500	37,500
Investments (note 6)	11,579,902	11,543,028
Property and equipment (note 7)	31,335	48,577
	<u>23,880,810</u>	<u>15,854,548</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	159,612	104,568
Due to William Osler Health System (note 3)	197,348	185,486
Deferred revenue	144,717	18,500
	<u>501,677</u>	<u>308,554</u>
Amounts in trust - deferred revenue (note 5)	37,500	37,500
	<u>539,177</u>	<u>346,054</u>
Fund Balances		
Unrestricted	13,520,489	10,770,200
Externally Restricted	9,769,192	4,685,821
Endowment	51,952	52,473
	<u>23,341,633</u>	<u>15,508,494</u>
	<u>23,880,810</u>	<u>15,854,548</u>

Approved by the Board of Directors



Director



Director

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

William Osler Health System Foundation

Statement of Revenues and Expenditures

For the year ended March 31, 2016

	Unrestricted		Externally Restricted		Endowment		Total	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
Revenues								
Fundraising	7,024,869	6,896,028	5,926,066	871,703	-	-	12,950,935	7,767,731
William Osler Health System Volunteer Association (note 3)	-	-	210,220	273,476	-	-	210,220	273,476
Investment income	548,603	371,179	-	-	479	583	549,082	371,762
	<u>7,573,472</u>	<u>7,267,207</u>	<u>6,136,286</u>	<u>1,145,179</u>	<u>479</u>	<u>583</u>	<u>13,710,237</u>	<u>8,412,969</u>
Expenditures								
Fundraising	3,002,940	2,771,537	90,479	22,133	-	-	3,093,419	2,793,670
Administrative	661,513	701,429	74,029	18,108	-	-	735,542	719,537
Investment management fees	49,366	45,711	-	-	-	-	49,366	45,711
Amortization of property and equipment	22,225	16,693	-	-	-	-	22,225	16,693
	<u>3,736,044</u>	<u>3,535,370</u>	<u>164,508</u>	<u>40,241</u>	<u>-</u>	<u>-</u>	<u>3,900,552</u>	<u>3,575,611</u>
Excess of revenues over expenditures for the year before the following	3,837,428	3,731,837	5,971,778	1,104,938	479	583	9,809,685	4,837,358
Change in fair value of investments	(454,856)	777,358	-	-	-	-	(454,856)	777,358
Donations to William Osler Health System (note 3)	(628,283)	(476,644)	(892,407)	(1,074,083)	(1,000)	-	(1,521,690)	(1,550,727)
Excess (deficiency) of revenues over expenditures for the year	2,754,289	4,032,551	5,079,371	30,855	(521)	583	7,833,139	4,063,989
Fund balances - Beginning of year	10,770,200	6,737,649	4,685,821	4,654,966	52,473	51,890	15,508,494	11,444,505
Interfund transfer	(4,000)	-	4,000	-	-	-	-	-
Fund balances - End of year	<u>13,520,489</u>	<u>10,770,200</u>	<u>9,769,192</u>	<u>4,685,821</u>	<u>51,952</u>	<u>52,473</u>	<u>23,341,633</u>	<u>15,508,494</u>

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

William Osler Health System Foundation

Statement of Cash Flows

For the year ended March 31, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures for the year	7,833,139	4,063,989
Items not affecting cash		
Change in fair value of investments	454,856	(777,358)
Amortization of property and equipment	22,225	16,693
	<hr/>	<hr/>
	8,310,220	3,303,324
Changes in non-cash working capital items		
Amounts receivable	45,927	(5,342)
Prepaid and other expenses	(29,681)	(9,361)
Accounts payable and accrued liabilities	55,044	12,508
Due to William Osler Health System	11,862	(34,420)
Deferred revenue	126,217	14,500
	<hr/>	<hr/>
	8,519,589	3,281,209
Investing activities		
Purchase of property and equipment	(4,983)	(42,478)
Change in investments	(491,730)	(2,332,472)
Purchase of short-term deposit	(5,000,000)	-
	<hr/>	<hr/>
	(5,496,713)	(2,374,950)
Increase in cash during the year	3,022,876	906,259
Cash - Beginning of year	4,019,313	3,113,054
Cash - End of year	<hr/>	<hr/>
	7,042,189	4,019,313

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

William Osler Health System Foundation

Notes to Financial Statements

March 31, 2016

1 Purpose of the organization

William Osler Health System Foundation (the Foundation) is incorporated under the Ontario Corporations Act as a not-for-profit organization. The Foundation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes provided certain requirements of the Income Tax Act are met. In the opinion of management, these requirements have been met. The Foundation's registered charitable number is 12996 5133 RR0001.

The Foundation raises funds to support capital expenditures, education, research and other special projects for the benefit of William Osler Health System (the Health System) in the communities of Etobicoke and Brampton.

2 Summary of significant accounting policies

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The significant accounting policies are as follows.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. The financial statements separately disclose the activities of the funds maintained by the Foundation. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors. For financial reporting purposes, the accounts have been classified into the following funds:

- Unrestricted Fund

The Unrestricted Fund accounts for the Foundation's general fundraising, granting and administrative activities. The Unrestricted Fund reports unrestricted resources available for immediate purposes.

- Externally Restricted Fund

The Externally Restricted Fund includes those funds where resources are to be used for an identified purpose as specified by the donor, as stipulated by the fundraising appeal or as determined by the Board of Directors.

- Endowment Fund

The Endowment Fund includes those funds where either donor or internal restrictions require the principal to be maintained by the Foundation for a specified period of time.

Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors. To meet these objectives of financial reporting and stewardship of assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. Interfund transfers, if any, are recorded in the statement of changes in fund balances.

William Osler Health System Foundation

Notes to Financial Statements

March 31, 2016

Revenue recognition

Contributions are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Amounts received relating to fundraising events to be held after the fiscal year-end are deferred and recognized on completion of the specific fundraising event. Contributions restricted to a program or specific project as directed by the donor are recognized as revenue in the Externally Restricted Fund. Donor restricted contributions for endowment purposes are recognized as revenue in the Endowment Fund. Unrestricted contributions are recognized as revenue in the Unrestricted Fund. Investment income is recognized as revenue in the Unrestricted Fund unless a donor has stipulated a restriction over the use of the investment income.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Computer hardware	3 to 5 years
Office equipment	5 years

Deferred revenue

Deferred revenue represents deposits received in advance for a subsequent year's fundraising events. These amounts are recognized as revenue in the period in which the event occurs, together with any associated costs.

Contributed materials and services

A number of volunteers contribute their services to the Foundation each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or otherwise disclosed in the financial statement notes. Contributed materials are recorded, when received, at fair value.

Gifts of securities

Gifts of securities are valued at fair value on the day the Foundation, or the Foundation's investment broker, receives the securities. Any gains or losses arising from timing differences from the receipt and subsequent sale of the securities are recognized by the Foundation in the statement of revenues and expenditures.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Investments are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

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 on a straight-line basis.

William Osler Health System Foundation

Notes to Financial Statements

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The Foundation measures its financial instruments as follows:

Cash	fair value
Short-term deposit	fair value
Investments	fair value
Accounts receivable	amortized cost
Accounts payable and accrued liabilities	amortized cost
Due to William Osler Health System	amortized cost

Financial assets are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

The Foundation is exposed to market risk with regard to its investments. To manage this risk, the Foundation has an investment policy, which includes a target mix of investment types and concentration limits designed to achieve return results within risk tolerances as approved by the Finance Committee.

Allocation of expenses

The Foundation engages in fundraising initiatives to support capital expenditures, education, research and other special projects for the benefit of the Health System. The cost of each fundraising initiative includes the cost of personnel, services and other expenses that are directly related to undertaking the fundraising initiative. The Foundation also incurs a number of personnel related costs common to the administration of each of its ongoing fundraising initiatives. The Foundation allocates these personnel costs based on an estimate of time spent by the personnel on the fundraising initiative. The allocation percentages are reviewed by management and are applied consistently on an annual basis.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect revenues and expenditures during the reporting period, in addition to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

3 Related party transactions

The Foundation is related to the following entities:

- William Osler Health System
- William Osler Health System Volunteer Association

These organizations either contribute funds to support the Health System through the Foundation or are the recipients of funds granted by the Foundation. The Foundation does not exercise control or significant influence over these organizations and consequently these financial statements do not include the assets, liabilities and activities of those organizations. The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

William Osler Health System Foundation

Notes to Financial Statements

March 31, 2016

- During the year, William Osler Health System Volunteer Association contributed \$210,220 (2015 - \$273,476) to the Foundation.
- The amount due to the Health System of \$197,348 (2015 - \$185,486) represents amounts to be reimbursed for expenses paid by the Health System on behalf of the Foundation.
- During the year, the Foundation donated \$1,521,690 (2015 - \$1,550,727) to the Health System for the purpose of supporting purchases of equipment and for ongoing education and research programs.
- The Health System provides certain minor administrative services such as payroll processing and purchasing to the Foundation at no charge.

4 Short-term deposit

Short-term deposit comprises of a guaranteed investment certificate of \$5,000,000 at 1.05% interest rate maturing on August 15, 2016.

5 Trust

A charitable remainder trust (the trust) was established by a supporter of the Foundation. During its lifetime, the income of the trust is payable to the supporter and, on death, the amount in the trust will be recognized as revenue and these funds will be available for use.

6 Investments

The investments are held via pooled funds and as described in note 2, are recorded at fair value. The investments consist of the following:

	Fair value	
	2016	2015
	\$	\$
Money market	566,234	537,530
Bonds	7,880,720	7,717,392
Canadian equities	1,499,598	1,466,692
International and US equities	1,633,350	1,821,414
	11,579,902	11,543,028

William Osler Health System Foundation

Notes to Financial Statements

March 31, 2016

7 Property and equipment

			2016	2015
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer hardware	93,643	65,303	28,340	46,943
Office equipment	58,311	55,316	2,995	1,634
	151,954	120,619	31,335	48,577