

**William Osler Health  
System Foundation**

Financial Statements  
**March 31, 2020**

**DRAFT**

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# William Osler Health System Foundation

## Statement of Financial Position

As at March 31, 2020

	2020 \$	2019 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	5,576,684	6,921,330
Short-term deposits (note 4)	5,000,000	5,000,000
Amounts receivable	193,294	193,233
Prepaid expenses and other assets	24,941	158,861
	<u>10,794,919</u>	<u>12,273,424</u>
<b>Investments</b> (note 5)	13,260,347	13,448,144
<b>Property and equipment</b> (note 6)	<u>40,105</u>	<u>55,945</u>
	<u>24,095,371</u>	<u>25,777,513</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	253,549	199,767
Due to William Osler Health System (note 3)	194,414	312,553
Deferred revenue	43,750	281,850
	<u>491,713</u>	<u>794,170</u>
<b>Fund Balances</b>		
<b>Unrestricted</b>	17,106,629	18,483,797
<b>Externally restricted</b>	6,297,709	6,443,655
<b>Endowment</b>	<u>199,320</u>	<u>55,891</u>
	<u>23,603,658</u>	<u>24,983,343</u>
	<u>24,095,371</u>	<u>25,777,513</u>

Approved by the Board of Directors

\_\_\_\_\_  
Director

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Director

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

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT**

**NOT TO BE FURTHER COMMUNICATED**

**William Osler Health System Foundation**  
**Statement of Revenues and Expenditures and Fund Balances**  
**For the year ended March 31, 2020**

	Unrestricted		Externally restricted		Endowment		Total	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
<b>Revenues</b>								
Fundraising	7,539,155	7,836,414	2,410,799	1,657,284	153,960	-	10,103,914	9,493,698
William Osler Health System Volunteer Association (note 3)	-	-	175,000	250,000	-	-	175,000	250,000
Investment income	690,879	866,192	-	-	5,739	2,857	696,618	869,049
	<u>8,230,034</u>	<u>8,702,606</u>	<u>2,585,799</u>	<u>1,907,284</u>	<u>159,699</u>	<u>2,857</u>	<u>10,975,532</u>	<u>10,612,747</u>
<b>Expenditures</b>								
Fundraising	3,027,645	3,319,536	102,485	63,808	-	-	3,130,130	3,383,344
Administrative	922,068	834,615	72,651	47,218	-	-	994,719	881,833
Investment management fees	49,329	48,799	-	-	-	-	49,329	48,799
Amortization of property and equipment	18,958	18,555	-	-	-	-	18,958	18,555
	<u>4,018,000</u>	<u>4,221,505</u>	<u>175,136</u>	<u>111,026</u>	<u>-</u>	<u>-</u>	<u>4,193,136</u>	<u>4,332,531</u>
<b>Excess of revenues over expenditures for the year before the following</b>	4,212,034	4,481,101	2,410,663	1,796,258	159,699	2,857	6,782,396	6,280,216
Change in fair value of investments	(573,825)	241,647	-	-	(16,270)	-	(590,095)	241,647
Grants to William Osler Health System (note 3)	(5,015,377)	(5,617,561)	(2,556,609)	(11,324,319)	-	-	(7,571,986)	(16,941,880)
<b>Excess (deficiency) of revenues over expenditures for the year</b>	(1,377,168)	(894,813)	(145,946)	(9,528,061)	143,429	2,857	(1,379,685)	(10,420,017)
<b>Fund balances – Beginning of year</b>	18,483,797	19,378,610	6,443,655	15,971,716	55,891	53,034	24,983,343	35,403,360
<b>Fund balances – End of year</b>	<u>17,106,629</u>	<u>18,483,797</u>	<u>6,297,709</u>	<u>6,443,655</u>	<u>199,320</u>	<u>55,891</u>	<u>23,603,658</u>	<u>24,983,343</u>

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# William Osler Health System Foundation

## Statement of Cash Flows

For the year ended March 31, 2020

	2020 \$	2019 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures for the year	(1,379,685)	(10,420,017)
Items not affecting cash		
Revenue recognized for donated securities	(755,441)	(582,854)
Gain/Loss on disposal of donated securities	(150)	6,989
Change in fair value of investments	590,095	(241,647)
Investment income reinvested	(402,298)	(442,025)
Amortization of property and equipment	18,958	18,555
	<u>(1,928,521)</u>	<u>(11,660,999)</u>
Changes in non-cash working capital items		
Amounts receivable	(61)	(29,078)
Prepaid and other expenses	133,920	(107,822)
Accounts payable and accrued liabilities	53,782	(11,406)
Due to William Osler Health System	(118,139)	116,249
Deferred revenue	(238,100)	142,835
	<u>(2,097,119)</u>	<u>(11,550,221)</u>
<b>Investing activities</b>		
Proceeds from sale of donated securities	755,591	575,865
Purchase of property and equipment	(3,118)	(1,332)
Redemption of short-term deposit	5,000,000	8,000,000
Purchase of short-term deposit	(5,000,000)	(5,000,000)
	<u>752,473</u>	<u>3,574,533</u>
<b>Decrease in cash during the year</b>	<b>(1,344,646)</b>	<b>(7,975,688)</b>
<b>Cash – Beginning of year</b>	<b>6,921,330</b>	<b>14,897,018</b>
<b>Cash – End of year</b>	<b>5,576,684</b>	<b>6,921,330</b>

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# **William Osler Health System Foundation**

## **Notes to Financial Statements**

**March 31, 2020**

### **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 (Canada) and accordingly is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) 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 revenues and expenditures.

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**William Osler Health System Foundation**

Notes to Financial Statements

March 31, 2020

**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 designated 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 the 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.

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**William Osler Health System Foundation**

Notes to Financial Statements

March 31, 2020

The Foundation measures its financial instruments as follows:

Cash	fair value
Short-term deposit	amortized cost
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.

**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 balances and transactions**

The Foundation is related to the following entities:

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

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, 2020

- During the year, William Osler Health System Volunteer Association contributed \$175,000 (2019 – \$250,000) to the Foundation.
- The amount due to the Health System of \$194,414 (2019 – \$312,553) represents amounts to be reimbursed for expenses paid by the Health System on behalf of the Foundation.
- During the year, the Foundation donated \$7,571,986 (2019 – \$16,941,880) 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 deposits**

The short-term deposit is a Guaranteed Investment Certificates (GIC), that matures on April 29, 2020 and has an interest rate of 2.23%.

Subsequent to year-end, the Foundation acquired a GIC in the amount of \$5,000,000, maturing April 29, 2021.

**5 Investments**

The investments are held in pooled funds and are recorded at fair value. The investments consist of the following:

	Fair value	
	2020	2019
	\$	\$
Money market	743,104	661,292
Bonds	9,521,802	9,300,731
Canadian equities	1,427,099	1,698,551
International and US equities	1,568,342	1,787,570
	13,260,347	13,448,144

**6 Property and equipment**

	2020		2019	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer hardware	113,120	90,548	22,572	31,075
Office equipment	38,028	20,495	17,533	24,870
	151,148	111,043	40,105	55,945

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# **William Osler Health System Foundation**

## **Notes to Financial Statements**

**March 31, 2020**

### **7 Expense allocation**

Fundraising and administrative expenses include employee personnel costs. The majority of the personnel costs are categorized as either fundraising or administrative based on the duties of the Foundation personnel. Certain personnel, however, perform both fundraising and administrative functions. As such, management has allocated certain personnel costs of \$721,320 (2019 – \$640,077) as follows: \$470,071 (2019 – \$441,187) to fundraising expenses; and \$251,249 (2019 – \$198,890) to administrative expenses.

### **8 Financial risk management**

#### **Market risk**

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.

#### **Currency risk**

Currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation's investments include non-Canadian equities, the value of which fluctuates in part due to changes in foreign exchange rates.

#### **Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Foundation. The short-term interest bearing investments held by the Foundation have a limited exposure to interest rate risk due to their short-term maturities.

#### **Credit risk**

The Foundation is exposed to credit risk in connection with its short-term and fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. To manage this risk, the Foundation has an investment policy, which includes a target mix of investment types and concentration limits designed to achieve the optimum return within reasonable risk tolerances and only purchases investments with reputable institutions. In addition, the amounts receivable include Canadian harmonized sales tax, which is recoverable from the Canada Revenue Agency, and the risk is considered to be minimal given that the amount is due from the Canadian government.

### **9 Subsequent Events**

The outbreak of the coronavirus pandemic has resulted in governments worldwide enacting emergency measures to control the spread of the virus. As a result, management expects there could be an overall decline in revenue due to the cancellation of special events and reduced individual and corporate giving in fiscal 2021.

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**William Osler Health System Foundation**

Notes to Financial Statements

**March 31, 2020**

In addition, global financial markets have experienced significant volatility and weakness. The Foundation has not reflected these subsequent conditions in the measurement of its investments at the year-end date, which were based on quoted market prices for the investments as at March 31, 2020.

As the situation continues to evolve rapidly, the Foundation is unable to quantify the potential impact this pandemic may have on its financial statements

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