

**West Park Healthcare
Centre Foundation**

Financial Statements
March 31, 2023



Independent auditor's report

To the Board of Directors of West Park Healthcare Centre Foundation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of West Park Healthcare Centre Foundation (the Foundation) as at March 31, 2023 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.

What we have audited

The Foundation's financial statements comprise:

- the statement of financial position as at March 31, 2023;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
June 27, 2023

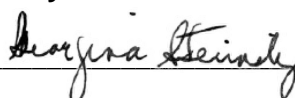
West Park Healthcare Centre Foundation

Statement of Financial Position

As at March 31, 2023

	2023 \$	2022 \$
Assets		
Cash	1,068,196	131,565
Accounts receivable	211,337	576,639
Prepaid expenses	13,130	74,424
Investments (note 3)	21,034,245	18,708,053
	<u>22,326,908</u>	<u>19,490,681</u>
Liabilities		
Accrued charges	74,903	319,829
Other liabilities	798,904	362,228
Deferred revenue	-	7,500
Campaign advance (note 5)	4,022,841	2,435,187
	<u>4,896,648</u>	<u>3,124,744</u>
Fund balances		
Externally restricted		
Restricted fund (note 10)	15,892,608	13,742,057
Endowment fund (note 4)	4,703,078	4,829,683
Unrestricted		
General fund (note 9)	(3,165,426)	(2,205,803)
	<u>17,430,260</u>	<u>16,365,937</u>
	<u>22,326,908</u>	<u>19,490,681</u>

Approved by the Board of Directors

 Director

 Director

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

West Park Healthcare Centre Foundation

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2023

	General Fund		Restricted Fund		Endowment Fund		Total	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Revenue								
Donations	348,986	1,741,359	2,605,054	1,243,525	-	-	2,954,040	2,984,884
Fundraising events	991,905	503,588	3,135	2,710	-	-	995,040	506,298
Investment income (note 3)	544,274	28,998	-	-	103,958	539,900	648,232	568,898
	<u>1,885,165</u>	<u>2,273,945</u>	<u>2,608,189</u>	<u>1,246,235</u>	<u>103,958</u>	<u>539,900</u>	<u>4,597,312</u>	<u>4,060,080</u>
Expenses								
Employee compensation	1,729,760	1,856,401	-	-	-	-	1,729,760	1,856,401
Canadian Emergency Wage Subsidy	-	(176,854)	-	-	-	-	-	(176,854)
General and administrative (note 5)	350,855	236,683	-	-	-	-	350,855	236,683
Marketing and stewardship	530,435	751,566	-	-	-	-	530,435	751,566
Fundraising events	564,260	149,616	-	-	-	-	564,260	149,616
West Park Healthcare Centre support (note 5)	-	-	357,679	321,818	-	-	357,679	321,818
	<u>3,175,310</u>	<u>2,817,412</u>	<u>357,679</u>	<u>321,818</u>	<u>-</u>	<u>-</u>	<u>3,532,989</u>	<u>3,139,230</u>
Excess (deficiency) of revenue over expenses for the year	(1,290,145)	(543,467)	2,250,510	924,417	103,958	539,900	1,064,323	920,850
Fund balances – Beginning of year	(2,205,803)	(1,872,057)	13,742,057	12,767,194	4,829,683	4,549,950	16,365,937	15,445,087
Interfund transfers (note 6)	330,522	209,721	(99,959)	50,446	(230,563)	(260,167)	-	-
Fund balances – End of year	<u>(3,165,426)</u>	<u>(2,205,803)</u>	<u>15,892,608</u>	<u>13,742,057</u>	<u>4,703,078</u>	<u>4,829,683</u>	<u>17,430,260</u>	<u>16,365,937</u>

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

West Park Healthcare Centre Foundation

Statement of Cash Flows

For the year ended March 31, 2023

	2023 \$	2022 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	1,064,323	920,850
Adjustments:		
Increase (decrease) in fair value of investments	237,007	(204,881)
Distributions on investments reinvested, net	(1,163,345)	(382,598)
	137,985	333,371
Changes in non-cash working capital balances		
Accounts receivable	365,302	(405,118)
Prepaid expenses	61,294	(64,569)
Accrued charges	(244,926)	32,809
Other liabilities	436,676	142,704
Deferred revenue	(7,500)	(40,000)
	748,831	(803)
Financing activities		
Increase (decrease) in campaign advance	1,587,654	(189,473)
Investing activities		
Purchase of investments	(2,207,000)	(15,929,686)
Sale of investments	807,146	16,210,837
	(1,399,854)	281,151
Increase in cash during the year	936,631	90,875
Cash – Beginning of year	131,565	40,690
Cash – End of year	1,068,196	131,565

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

West Park Healthcare Centre Foundation

Notes to Financial Statements

March 31, 2023

1 Purpose of the Foundation

West Park Healthcare Centre Foundation (the Foundation) is incorporated without share capital under the laws of the Province of Ontario. While it is a separate legal entity from West Park Healthcare Centre (the Centre), the Foundation was established to raise funds to support programs, services and capital needs of the Centre, as approved by the Foundation's Board of Directors. All donations to the Centre are received through the Foundation and receipted by the Foundation for income tax purposes. The Foundation is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

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 following summary of significant accounting policies is set forth to facilitate the understanding of these financial statements.

Fund accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. 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:

- General fund

The General Fund accounts for the Foundation's fundraising, program delivery and administration activities. This fund reports unrestricted donations received.

- Restricted fund

The Restricted Fund includes those funds where resources are to be used for an identified purpose, as specified by the donor.

- Endowment fund

The Endowment Fund includes those funds where either the donor or internal restrictions require that the principal be maintained by the Foundation on a permanent basis.

West Park Healthcare Centre Foundation

Notes to Financial Statements

March 31, 2023

Investments

Investments consist of a fixed income fund and Canadian and international equity funds and are carried in the financial statements at fair value based on quoted market values. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Revenue recognition and investment income

The Foundation follows the restricted fund method of accounting for contributions. Donor restricted contributions for endowment purposes are recognized as revenue in the Endowment Fund. Other donor restricted contributions are recognized as revenue of the Restricted Fund and unrestricted contributions are recognized as revenue of the General Fund. Donations are recognized in revenue when received since pledges are not legally enforceable claims. Donations received in advance of a signed gift agreement are deferred until the related gift agreement is signed.

Investment income subject to donor restrictions stipulating that it be added to the principal amount of the endowment is recognized as revenue of the Endowment Fund. Investment income earned on the Restricted Fund is recorded as revenue of the General Fund unless restricted by the donor in which case it is recorded as revenue of the Restricted Fund. All other investment income is recognized as revenue of the General Fund when earned.

The Foundation recognizes revenue for events in the year in which the event occurs. Sponsorships and tickets sold in advance for events to be held in the next fiscal year are recorded as deferred revenue.

Property, plant and equipment

The Foundation does not own any property, plant and equipment. All assets used by the Foundation are the property of the Centre and are provided to the Foundation for its use.

Contributed materials and services

Contributed materials and services are not recognized in the financial statements.

Use of estimates

The preparation of the financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

West Park Healthcare Centre Foundation

Notes to Financial Statements

March 31, 2023

3 Investments

Investments consist of the following amounts held in units of various pooled funds and comprise the following:

	2023		2022	
	\$	%	\$	%
Cash and cash equivalents	791,248	4	10,013,881	53
Fixed income	16,150,996	77	4,327,431	23
Canadian equities	1,930,527	9	1,979,573	11
International equities	1,399,555	7	1,801,712	10
Alternative strategies	761,919	3	585,456	3
Aggregate fair value	<u>21,034,245</u>	100	<u>18,708,053</u>	100
Aggregate cost	<u>19,962,968</u>		<u>17,376,781</u>	

The investment portfolio is managed in accordance with the Foundation's investment policy.

Investment income on the Foundation's investments consists of the following:

	2023	2022
	\$	\$
Interest, distributions and realized gains (losses)	885,239	364,017
Change in fair value of investments	<u>(237,007)</u>	<u>204,881</u>
	<u>648,232</u>	<u>568,898</u>

Investment fees of \$35,202 (2022 – \$56,858) have been netted against interest and realized gains.

4 Endowment Fund

The Foundation has a policy designed to protect the real value of endowments by limiting the amount of investment income made available for spending and requiring the reinvestment of income not made available.

The annual payout amount for endowed funds is: (i) the amounts stipulated by the donor, and (ii) currently 4% of the fund balance according to the Foundation's policy, or 90% of Investment Income where the donor has stipulated. In addition, where permitted by the donor, a 1% fee is allocated to the General Fund to cover administration costs. In any year, should the aggregate of net investment income for that year and the accumulated reinvested income from prior years be insufficient to fund the payout and the 1% fee for the particular year, then the payout is reduced and the 1% fee is not allocated in order to preserve the original principal of the donation. Once determined, the annual payout from the Endowment Fund is transferred to the Restricted Fund, where it remains until actual distributions are made.

West Park Healthcare Centre Foundation

Notes to Financial Statements

March 31, 2023

5 Related party transactions

The Centre provides space and certain administrative support services to the Foundation.

During the year, the Foundation approved and paid to the Centre \$357,679 (2022 – \$321,818) in capital and operating grants.

During the prior year ended March 31, 2022, the Foundation received a gift from the Centre in the amount of \$1,500,000 that was reflected as general donation revenue.

General Fund expenses are paid for by the Centre and reimbursed by the Foundation from General Fund revenue. Expenses that have yet to be reimbursed are represented by the campaign advance. On June 14, 2013, the Centre and the Foundation executed a non-interest bearing term loan agreement. At March 31, 2023, this agreement had a loan limit of \$3,500,000 with a term expiring on July 31, 2025. The Foundation's unrestricted investments are pledged as security for the campaign advance.

At March 31, 2023, the campaign advance balance was \$4,022,841 which exceeds the campaign advance limit by \$522,841. A payment of \$400,000 was made on May 15, 2023 and another payment of \$130,000 was made on June 6, 2023 to bring the campaign advance within the borrowing limit of \$3,500,000. On May 25, 2023, the campaign advance limit was increased by the Centre to \$4,500,000.

6 Interfund transfers

During the years ended March 31, 2023 and March 31, 2022, the following interfund transfers were made:

	2023		
	General fund \$	Restricted fund \$	Endowment fund \$
Transfer from Endowment Fund to Restricted Fund to be made available for spending	-	182,266	(182,266)
Transfer from Endowment Fund to General Fund as a 1% fee in accordance with Foundation policies	48,297	-	(48,297)
Transfer from Restricted Fund to General Fund as a 11% fee in accordance with Foundation policies	282,225	(282,225)	-
	<u>330,522</u>	<u>(99,959)</u>	<u>(230,563)</u>

West Park Healthcare Centre Foundation

Notes to Financial Statements

March 31, 2023

	2022		
	General fund \$	Restricted fund \$	Endowment fund \$
Transfer from Endowment Fund to Restricted Fund to be made available for spending	-	211,201	(211,201)
Transfer from Endowment Fund to General Fund as a 1% fee in accordance with Foundation policies	48,966		(48,966)
Transfer from Restricted Fund to General Fund as a 11% fee in accordance with Foundation policies	160,755	(160,755)	-
	<u>209,721</u>	<u>50,446</u>	<u>(260,167)</u>

7 Pension plan

Eligible employees of the Foundation are members of the Healthcare of Ontario Pension Plan (the Plan), which is a multi-employer, defined benefit, final average pay contributory pension plan. Employer contributions made to the Plan during the year by the Foundation amounted to \$122,461 (2022 – \$143,060). These amounts are included in employee compensation in the statement of operations and changes in fund balances. The most recent actuarial valuation of the Plan as at December 31, 2022 indicates the Plan is 117% funded.

8 Pledges

Pledges have been committed and will be recorded as donation revenue when the donations are received. The majority of these pledges are restricted and management believes that substantially all of these pledges will be collected. As at March 31, 2023, the total of outstanding pledges is \$11,677,876 (2022 – \$11,973,412) receivable over future years. Included in this amount is \$10,000,000 (2022 – \$10,000,000) pledged by the Centre towards the Foundation's capital campaign restricted fund.

9 Financial instruments and risk management

The Foundation's financial instruments consist of cash, accounts receivable, investments, accrued charges and amounts due to the Centre under the campaign advance. It is management's opinion that the Foundation is not exposed to significant credit risk arising from these financial instruments. A certain degree of market and liquidity risks exists from these financial instruments.

Market risk

The Foundation is exposed to market risk through fluctuations of financial instrument fair values due to changes in market prices. The significant market risks to which the Foundation is exposed are interest rate and other price risks.

West Park Healthcare Centre Foundation

Notes to Financial Statements

March 31, 2023

Interest rate risk

Interest rate risk arises from fluctuations in interest rates and the degree of volatility in those rates. The Foundation is exposed to interest rate risk as a result of fixed income investments. Changes in interest rates will have an impact on the fair values of the bonds. The Foundation mitigates its interest rate risk by ensuring it has a diversified investment portfolio that is regularly monitored and adjusted to minimize risk.

Other price risk

Other price risk is the risk the fair value of a financial instrument will fluctuate because of changes in market prices (other than interest rate risk). The Foundation's investment portfolio is exposed to other price risk.

As at March 31, 2023, the Foundation's total exposure to other price risk is \$20,242,997 (2022 – \$8,694,172). The Foundation's estimate of the effect on net assets as at March 31, 2023 due to a 1% increase or decrease in the fair value of investments, with all other variables held constant, would amount to an increase or decrease of approximately \$202,430 (2022 – \$86,942). In practice, actual trading values may differ from this sensitivity analysis and the difference could be material.

Liquidity risk

Liquidity risk is the risk the Foundation will not be able to meet its financial obligations when they come due. The Foundation's largest financial obligation is to the Centre. The Foundation has mitigated this risk by managing cash flows from operations and selling unrestricted investments to ensure it has sufficient available funds to meet its current and future financial obligations. The Centre has established a borrowing limit of \$4,500,000 for the campaign advance (note 5).

10 Restricted fund – capital campaign

The Foundation has initiated a campaign to raise funds for the capital and equipment needs associated with campus development at the Centre. The restricted fund balance related to this capital campaign as at March 31, 2023 is \$14,173,042 (2022 – \$12,036,551).