

West Park Healthcare Centre Foundation

Financial Statements
March 31, 2024



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, 2024 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, 2024;
- 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 significant accounting policies and other explanatory information.

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.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2500, Toronto, Ontario, Canada M5J 0B2
T.: +1 416 863 1133, F.: +1 416 365 8215, Fax to mail: ca_toronto_18_york_fax@pwc.com

"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

Toronto, Ontario
June 14, 2024

West Park Healthcare Centre Foundation

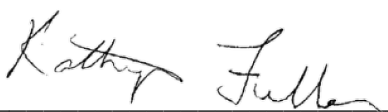
Statement of Financial Position

As at March 31, 2024

	2024 \$	2023 \$
Assets		
Current assets		
Cash	133,453	1,068,196
Accounts receivable	337,371	211,337
Prepaid expenses	16,295	13,130
Artwork	485,205	-
Short-term investments (note 3)	2,932,648	15,977,853
	<u>3,904,972</u>	<u>17,270,516</u>
Long-term investments (note 3)	<u>5,507,273</u>	<u>5,056,392</u>
	<u>9,412,245</u>	<u>22,326,908</u>
Liabilities		
Current liabilities		
Accrued charges	249,380	74,903
Other liabilities	-	798,904
Campaign advance (note 5)	4,572,926	4,022,841
	<u>4,822,306</u>	<u>4,896,648</u>
Fund balances		
Externally restricted		
Restricted Fund (note 10)	3,075,437	15,892,608
Endowment Fund (note 4)	4,880,896	4,703,078
Unrestricted		
General Fund (note 9)	(3,366,394)	(3,165,426)
	<u>4,589,939</u>	<u>17,430,260</u>
	<u>9,412,245</u>	<u>22,326,908</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, 2024

	General Fund		Restricted Fund		Endowment Fund		Total	
	2024 \$	2023 \$	2024 \$	2023 \$	2024 \$	2023 \$	2024 \$	2023 \$
Revenue								
Donations	1,239,526	348,986	12,721,734	2,605,054	-	-	13,961,260	2,954,040
Fundraising events	1,568,255	991,905	-	3,135	-	-	1,568,255	995,040
Investment income (note 3)	620,890	544,274	-	-	458,846	103,958	1,079,736	648,232
	<u>3,428,671</u>	<u>1,885,165</u>	<u>12,721,734</u>	<u>2,608,189</u>	<u>458,846</u>	<u>103,958</u>	<u>16,609,251</u>	<u>4,597,312</u>
Expenses								
Employee compensation	1,700,891	1,729,760	-	-	-	-	1,700,891	1,729,760
General and administrative (note 5)	616,700	350,855	-	-	-	-	616,700	350,855
Marketing and stewardship	135,513	530,435	-	-	-	-	135,513	530,435
Fundraising events	1,258,228	564,260	-	-	-	-	1,258,228	564,260
Brand awareness campaign	74,702	-	-	-	-	-	74,702	-
West Park Healthcare Centre support (note 5)	-	-	25,663,538	357,679	-	-	25,663,538	357,679
	<u>3,786,034</u>	<u>3,175,310</u>	<u>25,663,538</u>	<u>357,679</u>	<u>-</u>	<u>-</u>	<u>29,449,572</u>	<u>3,532,989</u>
Excess (deficiency) of revenue over expenses for the year	(357,363)	(1,290,145)	(12,941,804)	2,250,510	458,846	103,958	(12,840,321)	1,064,323
Fund balances – Beginning of year	(3,165,426)	(2,205,803)	15,892,608	13,742,057	4,703,078	4,829,683	17,430,260	16,365,937
Fund opening balance adjustment	(81,872)	-	84,153	-	(2,281)	-	-	-
Interfund transfers (note 6)	238,267	330,522	40,480	(99,959)	(278,747)	(230,563)	-	-
Fund balances – End of year	<u>(3,366,394)</u>	<u>(3,165,426)</u>	<u>3,075,437</u>	<u>15,892,608</u>	<u>4,880,896</u>	<u>4,703,078</u>	<u>4,589,939</u>	<u>17,430,260</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, 2024

	2024 \$	2023 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(12,840,321)	1,064,323
Adjustments		
Artwork at fair value	(485,205)	-
Increase (decrease) in fair value of investments	(444,931)	237,007
Distributions on investments reinvested – net	(617,053)	(1,163,345)
	<u>(14,387,510)</u>	<u>137,985</u>
Changes in non-cash working capital balances		
Accounts receivable	(126,034)	365,302
Prepaid expenses	(3,165)	61,294
Accrued charges	174,477	(244,926)
Other liabilities	(798,904)	436,676
Deferred revenue	-	(7,500)
	<u>(15,141,136)</u>	<u>748,831</u>
Financing activities		
Increase in campaign advance	<u>550,085</u>	<u>1,587,654</u>
Investing activities		
Purchase of investments	(2,730,163)	(2,207,000)
Sale of investments	16,386,471	807,146
	<u>13,656,308</u>	<u>(1,399,854)</u>
Increase (decrease) in cash during the year	(934,743)	936,631
Cash – Beginning of year	<u>1,068,196</u>	<u>131,565</u>
Cash – End of year	<u>133,453</u>	<u>1,068,196</u>

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

West Park Healthcare Centre Foundation

Notes to Financial Statements

March 31, 2024

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 received 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, 2024

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.

Artwork

The Foundation receives donations/gifts in kind in the form of artwork. This is recorded as revenue when received and as a non-depreciable asset at appraised fair value until transferred to the Centre.

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 as 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, 2024

3 Investments

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

	2024		2023	
	\$	%	\$	%
Cash and cash equivalents	(1,233)	-	791,248	4
Fixed income	26	-	16,150,996	77
Canadian bonds	1,757,363	21	-	-
Canadian equities	589,199	7	1,930,527	9
International equities	6,094,566	72	1,399,555	7
Alternative strategies	-	-	761,919	3
Aggregate fair value	<u>8,439,921</u>	100	<u>21,034,245</u>	100
Aggregate cost	<u>6,792,788</u>		<u>19,962,968</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:

	2024	2023
	\$	\$
Interest, distributions and realized gains	634,805	885,239
Change in fair value of investments	<u>444,931</u>	<u>(237,007)</u>
	<u>1,079,736</u>	<u>648,232</u>

Investment fees of \$56,120 (2023 – \$35,202) 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 as follows: (i) the amounts stipulated by the donor and (ii) for the first three quarters of the year 4% of the fund balance according to the Foundation's policy. 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.

Effective for the fourth quarter in response to Government of Canada new guidelines, the Foundation policy for payout rate from the Endowment to Restricted Funds, unless stipulated by the donor in the endowment

West Park Healthcare Centre Foundation

Notes to Financial Statements

March 31, 2024

agreement, was set at 3.5% for the first \$1 million of the total endowment fund and 5% for the additional funds held in the Endowment Fund at the start of the current fiscal year of the Foundation. The total payout amount will be allocated to each Endowment Fund's restricted account based on the percentage of each fund in the total endowment. The payout amount is allocated to the Restricted Fund quarterly.

5 Related party transactions

The Centre provides space and certain administrative support services to the Foundation at no cost.

During the year, the Foundation approved and disbursed to the Centre \$25,663,538 (2023 – \$357,679) in capital and operating grants. This included “Get Your Life Back Campaign” donations in the amount of \$25,183,098 on reaching substantial completion, operating grants of \$225,715 and artwork valued at \$254,725.

During the year, the Centre transferred certain restricted funds of \$300,000 to the Foundation.

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. During the year, the Centre forgave \$700,000 of the outstanding campaign advance.

On June 14, 2013, the Centre and the Foundation executed a non-interest bearing term loan agreement. As at March 31, 2024, this agreement had a loan limit of \$4,500,000 (2023 – \$3,500,000) with a term expiring on July 31, 2026. The Foundation's unrestricted investments are pledged as security for the campaign advance. As at March 31, 2024, the campaign advance balance was \$4,572,926 (2023 – \$4,022,841), which exceeds the campaign advance limit by \$72,926 (2023 – exceeded the campaign advance limit by \$522,841). On April 29, 2024, the Foundation made a payment to the Centre in the amount of \$160,000 to reduce the campaign advance balance.

The Board of Directors of the Centre approved a voluntary amalgamation with the University Health Network effective April 1, 2024 on November 13, 2023 and received Ministry of Health and Ministry of Long-Term Care approval on February 27, 2024.

West Park Healthcare Centre Foundation

Notes to Financial Statements

March 31, 2024

6 Interfund transfers

During the years ended March 31, 2024 and March 31, 2023, the following interfund transfers were made:

	2024		
	General Fund \$	Restricted Fund \$	Endowment Fund \$
Transfer from Endowment Fund to Restricted Fund to be made available for spending	-	224,151	(224,151)
Transfer from Endowment Fund to General Fund in accordance with Foundation policies	48,360	-	(48,360)
Transfer from Restricted Fund to General Fund in accordance with Foundation policies	157,498	(157,498)	-
Transfer between funds in accordance with donor directions and fund policy	32,409	(26,173)	(6,236)
	<u>238,267</u>	<u>40,480</u>	<u>(278,747)</u>
	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 in accordance with Foundation policies	48,297	-	(48,297)
Transfer from Restricted Fund to General Fund in accordance with Foundation policies	282,225	(282,225)	-
	<u>330,522</u>	<u>(99,959)</u>	<u>(230,563)</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 \$126,593 (2023 – \$122,461). 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, 2023 indicates the Plan is 115% funded.

West Park Healthcare Centre Foundation

Notes to Financial Statements

March 31, 2024

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, 2024, the total of outstanding pledges was \$1,793,329 (2023 – \$11,677,876) receivable over future years. The \$10,000,000 pledged by the Centre towards the Foundation's capital campaign restricted fund was paid during 2024.

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.

Credit risk

The Foundation is exposed to credit risk in connection with its cash, accounts receivable and 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 does business with reputable financial institutions.

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.

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, 2024, the Foundation's total exposure to other price risk was \$8,441,154 (2023 – \$20,242,997). The Foundation's estimate of the effect on net assets as at March 31, 2024 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 \$84,412 (2023 – \$202,430). In practice, actual trading values may differ from this sensitivity analysis and the difference could be material.

West Park Healthcare Centre Foundation

Notes to Financial Statements

March 31, 2024

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 initiated a campaign to raise funds for the capital and equipment needs associated with the campus development project. In November 2023, on substantial completion, the Foundation transferred \$25,183,098. The restricted fund balance related to the capital campaign as at March 31, 2024 was \$1,144,802 (2023 – \$14,173,042).

11 Comparative figures

Certain prior year comparative figures have been reclassified from financial statements previously presented to conform to the presentation of these financial statements.